



FIXED BASE OPERATOR'S AGREEMENT
AND COMMERCIAL LEASE

by and between

City of Marshall
"Landlord/City"

and

Southwest Aviation, Inc.
"FBO/Tenant"

Date of Agreement

January 1, 2015

**CITY OF MARSHALL
COMMERCIAL LEASE AND FIXED BASE OPERATORS AGREEMENT
WITH SOUTHWEST AVIATION, INC.**

THIS COMMERCIAL LEASE AGREEMENT ("Lease") and the Fixed Base Operator's Agreement ("FBO Agreement") is made by and between the Landlord/City of Marshall, a Municipal Corporation of the State of Minnesota, at 344 West Main Street, Marshall, Minnesota 56258 Landlord hereinafter referred to as the ("City") and Southwest Aviation, Inc. (a Minnesota Corporation), doing business under the name of Midwest Aviation, hereinafter referred to as ("Tenant") and the Fixed Base Operator ("Fixed Base Operator"), and shall hereafter in this agreement be referred to in both capacities as the ("FBO").

WHEREAS, City owns and/or controls real property in the City of Marshall which is known as the ("Airport") which is all located in the City of Marshall, County of Lyon, State of Minnesota; and located upon said airport are certain airport facilities some of which the FBO desires to lease from the City. These facilities shall be referred to in this lease as the "Premises" and which is shown on Exhibit A which is attached and made a part of this agreement; and

WHEREAS, the City is willing to lease the Premises (Exhibit A) to the FBO and FBO desires to lease the premises (Exhibit A.) from the City upon the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. Description of Premises

a. Premises

City leases to FBO and FBO leases from City a portion of the Airport facilities, which are shown on Exhibit A, which is attached hereto, and hereinafter described as (collectively, the "Premises"), and are specifically described as Parcels A-E, G, H, J, and M, which are as follows:

- A. Arrival and Departure Office Space;
- B. Arrival & Departure Common Area;
- C. 2002 Hangar;
- D. 1985 Hanger;
- E. Main Hanger;
- G. Fuel Dispensing Area; and
- H. Reserved Parking Area for FBO/Tenant.
- J. Common Use Parking Lot
- M. Red Baron Hangar

All of which parcels are shown on Exhibit A and marked as such and which are attached and made a part of this agreement.

During the term of this Agreement, title to all real estate and any improvements or fixtures located on the Premises shall remain vested in the City, and shall not vest in the FBO.

2. Use of Premises

a. Use

For the purpose of facilitating the operation at, to and from the Airport of an air transportation system conducted by the FBO, the City does hereby grant to the FBO, and the FBO does hereby take from the City, for and during the term of this Agreement, the right and privilege in common with others to whom similar rights and privileges may be granted, in connection with the operations by the FBO of an air transportation system and all activities incident thereto.

The Premises, as defined herein, shall be used solely for the following specified purposes, and for no other purpose without the prior written consent of the City:

- A charter/commercial air service consisting of the operation of an air transportation system and associated operations.
- An aerial spraying application service consisting of the aerial application of the agricultural type chemicals and including the lading and storage of said chemicals and associated operations.
 - Aircraft rental along with associated activities.
 - Aircraft sales along with associated activities.
 - A flight school to train and to test aircraft pilots.
 - An aircraft repair and maintenance service.
- Aircraft fuel dispensing service by approved tank truck and pump facilities.
- Sale of aircraft lubricants, accessories, parts and the repair and maintenance of aircraft engines, parts and general airplanes components.
- Use of Offices, Classroom and Retail Shop in A/D Building (Exhibit "A-1")

- Aircraft storage service consisting of short term or long-term aircraft storage within leased hangar building(s) or at tie-down area.
- Non-exclusive aviation fueling system.

The FBO shall have the right and obligation to decorate any of the buildings described within said Premises (not to include Parcel B) and to maintain the decoration in its Premises to include such things as wallpaper and paintings. Any change in the decorating of the Premises will be paid for by the FBO and subject to the approval by the City.

b. Miscellaneous Use of Premises

It is fully agreeable between the City and the FBO that as to Parcels (A), (C), (D), (E), (G), (H) and (M) that the FBO shall have the exclusive use of the "Premises", but as to Parcels (B) and the common parking area, described as Parcel (J), shall be in common with others. In the Arrival and Departure building that the FBO shall have the use of the hallways to get from the parking lot to the premises and said hallway shall be in common with other Tenants of the Arrival and Departure building. The FBO shall have the right to use for its employee's and invitees, the public parking lots that abut the Premises. The City reserves the right to, at all times, regulate the use of said parking lots and to regulate the use of the parking of any type of motor vehicle upon the tarmac. Also on said Premises are located public lavatories, the pilot's lounge, flight planning rooms, vending areas, and conference rooms which are available to be used by the FBO. The FBO shall have no right to park its vehicles on the tarmac outside the arrival and departure building, except for necessary airport purposes as determined by City personnel and in line with FAA regulations. The City shall designate the appropriate parking spaces in the parking lots for the FBO to park its vehicles.

c. Right of the FBO to Remove Property

The FBO shall be entitled during the term of this Agreement, and for a reasonable time after its termination, to remove from the Airport, or any part thereof, all aircraft, tools, machinery, equipment and trade fixtures placed, installed or constructed thereon by it: provided, however, that all buildings from which any property is so removed shall be restored by the FBO in such manner that such buildings or property are not materially damaged, or if so, shall be restored to original condition by the FBO and at his expense.

3. Services to be Provided by FBO

FBO agrees that it will use its best efforts, during the term of this agreement to provide the following services as an agent for the City and for other persons using the Airport Facilities. These services shall be provided by the FBO during the normal

business hours of Midwest Aviation. Normal business hours shall be from 8:00 a.m. to 6:00 p.m. Monday through Friday, excluding regularly observed holidays, and available on an on-call basis 24/7 unless modified by mutual agreement of both parties.

1. Provide Airport Advisories to pilots relating to Airport Facilities special conditions, recommended runway usage and general weather conditions.
2. Provide requested weather reports to airport users as obtained from weather observations, computer services and flight service stations.
3. Report to the airport maintenance personnel any known airport equipment failures or general airport facilities items in need of maintenance.
4. Report special information affecting airport usage to Flight Service station and including such items as the following that may be used for NOTAMS:
 - a. General or special runway conditions
 - b. Conditions requiring the airport to be officially closed and then subsequently opened.
 - c. Equipment and/or navigational aids failures.
 - d. Special weather conditions affecting pilot operations of the airport.
 - e. Any other special conditions, circumstances, or the like that affect pilot operational and safety at the airport.
5. Receive, transmit, and relay messages from and to pilots and other airport users, airport maintenance personnel and the general public in reference to requested services, advisories and general information.
6. Assist airport users in the use of airport support facilities located in the terminal building including: operation of the weather computer, weather instruments, Unicom radio, vending machines, telephones and other such equipment.
7. Assist airport users as necessary in hangaring aircraft, using tie-down facilities and parking aircraft at property locations on apron areas.
8. Advise the City Engineer and Airport Commission of general and special airport activities and concerns and make recommendations as to improvements to be considered.
9. Provide general public with requested information in reference to airport facilities, operations and activities and to assist in conducting any public relations program to maintain and improve the image and use the airport on behalf of the City of Marshall.
10. Vending machines services shall be the responsibility of the FBO to arrange for the provision thereof in approved areas.
11. The FBO shall collect and remit monthly, to the City, any taxes, landing fees, fuel flowage charges or charges of a similar nature imposed by the City upon aircraft landing and using the Marshall Airport facilities. Said fees and charges shall not be considered a revenue of the FBO but the FBO shall only be collecting them and remitting them to the City as required by resolution of the City Airport Commission.

4. Cleaning, Building Maintenance and Operational Expenses

As to Parcels (A), (C), (D), (E), and (G), and (M) the FBO shall be responsible for the cleaning and operational maintenances on said specific parcels. As to Parcel (B), the FBO shall reimburse the City for their proportionate share as shown in Exhibit "B" of all cleaning, building maintenance, and operational expenses of those specific Parcels during the term of this agreement. Other than Parcel (B), the FBO shall at all times keep the Premises clean. The City reserves the right, from time to time, to adjust these expenses annually, based on actual costs.

5. Option to Purchase Upon Default

As to Parcel (G), and after notice and a right to cure, the City shall have an option to purchase the fuel dispensing equipment located above or below the ground on Parcel (G) if at any time the FBO shall seek to terminate said operation. The purchase price shall be negotiated at the time of the event. If the parties are unable to agree on a purchase price, within thirty (30) days of the event, each party shall request an appraisal as to the then fair market value of the operation. The parties shall then agree to meet and confer within fifteen (15) days of the receipt of the last appraisal. Each party shall pay for their own appraisal. If, after they meet and confer, the parties are still unable to agree on a price, the then selected two appraisers shall select a third appraiser, which appraisal shall then be determined to be the purchase price. Both parties agree to be bound by the valuation as determined by the independent third appraiser and all costs and expenses associated with the third appraisal shall be bore equally by both parties.

6. Term

a. Initial Term

The term of this Agreement shall be for a period of ten (10) years ("Term"), commencing on January 1, 2015 ("Commencement Date") and expiring, unless earlier terminated, on December 31, 2024.

b. Adjusted Terms

Prior to the expiration of the lease, the City and the FBO may, renegotiate the provisions of this agreement and lease for a successive five (5) year period of time. If the terms cannot be negotiated for a successive five-year period of time, this agreement shall terminate and upon termination the FBO shall no longer have any rights or obligations as the FBO to any of the Parcels described and any rights as FBO as pursuant to this agreement. The FBO shall immediately remove its personal property from the premises within thirty (30) days so that the City can obtain a new FBO.

If, however, the parties renegotiate a lease for a new five (5) year period of time, from January 1, 2025 through December 31, 2029, the renegotiated terms shall govern the conduct and obligations of the parties. Thereafter, the parties shall

have the opportunity to renegotiate the terms of the lease for an additional five (5) year period of time from January 1, 2030 through December 31, 2034. If the terms of this lease and agreement cannot be renegotiated at that time, this agreement shall terminate and upon termination, the FBO shall no longer have any rights or obligations as the FBO to any of the Parcels described and any rights as FBO pursuant to this agreement. The FBO shall immediately remove its personal property from the premises within thirty (30) days so that the City may obtain a new FBO.

7. Rent

a. Rent

The FBO shall pay City for the lease of the Premises the monthly amount as shown in Exhibit "B". This rent, shall be annually adjusted by the City at a cap not to exceed the Consumer Price Index for All Urban Consumers (CPI-U) as determined in October of each year and shall be paid monthly in advance by the last day of the calendar month for the upcoming calendar month. Said monthly rent shall commence on the 1st day of January 2015.

b. Late Fee

If the FBO fails to pay, within ten (10) days after receipt of City's written notice that City has not received any fee due from the FBO pursuant to this Agreement, the FBO shall pay a late fee ("Late Fee") which is the lesser of (1) twelve percent (12%) per annum, or (2) the highest rate allowed by Minnesota law on any past due balance, calculated from the date the amount is due until the close of the business day when the payment is received.

8. Taxes and Other Charges

a. Utilities

As to Parcels (C), (D), (E), (G) and (M) the FBO shall pay 100.0% of all water, sanitary sewer, natural gas, electricity, storm sewer charges, refuse collection, telephone, alarms or other similar charges used on or attributable to the Parcels, together with any taxes, penalties, interest or surcharges associated with such utilities and charges. The City shall install and shall meter utilities charges separately for Parcels (E) and (F). The City shall pay all utilities related to Parcel (F). As to Parcels (A) and (B), the FBO shall pay a proportionate share of all water, sanitary sewer, natural gas, electricity, storm sewer charges, refuse collection, telephone, alarms or other similar charges used on or attributable to the Parcels as shown in Exhibit "B", together with any taxes, penalties, interest or surcharges associated with such utilities and charges. The City reserves the right, from time to time, to adjust annually these expenses but any adjustment

must be attributed to the actual fees paid to the City for such expenses. The FBO shall pay all of their private telephone charges that they use at the Premises.

b. Maintenance Fees

The City has the right to charge the FBO maintenance fees for such things as grass mowing, snow removal, parking lot maintenance and other normal maintenance fees involved in the maintenance of the property described in as Parcels (A), (C), (D), (E), (G), (H), (J) and (M) which are reasonable expenses in the maintenance of said properties. The FBO shall pay to the City in the amount as shown in Exhibit "B". The City reserves the right, from time to time, to annually increase maintenance fees in said areas in the event that in the reasonable judgment and opinion of the City, the cost of the maintenance of said areas due to inflation, or other factors justified an increase in maintenance fees.

9. Compliance with Laws

a. Compliance with Laws

The FBO shall use the Premises in accordance with all applicable local, municipal, county, state and federal laws, regulations, rules and ordinances, now or hereafter in force.

b. Landlords Lease Policies, Rules and Regulations

The FBO shall use the Premises in accordance with all rules and regulations and policies adopted by the City for the operation of its airport, including any other future rules and regulation adopted by the City for the operation of the airport.

c. Sewer and Water Policy

The FBO shall comply with all policies and regulations of the City regarding the use of water and the use of the sanitary sewer system for the City of Marshall.

10. Quiet Enjoyment

As long as the FBO pays rent when due and performs all terms of this Agreement, the FBO shall have quiet possession of the Premises for the entire Term of this Agreement, including any renewals thereof. However, City and its designated representatives have the right to enter the Premises, upon 24 hours' prior written notice, for the purpose of making inspections upon the Premises, making repairs or improvements to any adjoining Premises of the Airport and to install, repair, maintain and construct through the Premises such pipes, wires and other similar items as City deems necessary or desirable for the operation of the Airport. In doing so, City shall minimize disruption to

the FBO's use and enjoyment of the Premises, and shall repair any damage caused by such entry. The City shall defend the FBO against any third party claims and indemnify and hold the FBO harmless from and against any losses, damages and expenses, including reasonably attorney and consultant fees, arising from third party claims that result directly from the City's or its designated representatives' entry onto the Premises except to the extent the claims are based on the FBO's negligence or intentional misconduct or arise as a result of the FBO's breach of one or more of the FBO's obligations under this Agreement.

11. Inspection

City has the right, upon 24 hours' prior written notice, to inspect the Premises and any improvements and property located on the Premises at reasonable business hours.

12. Construction and Improvements

a. Construction of Building

The FBO herein acknowledges that Landlord has constructed on said Premises, certain buildings and hangars which are being leased by the FBO from the City.

The FBO accepts said building as constructed and agrees to pay the rental amount, and maintenance amount as above described.

b. Future Work

The FBO is under no obligation to construct or cause to be constructed any improvement to the Premises for any reason whatsoever; however, if the FBO desires to construct improvements to the Premises, it may, pursuant to the terms and conditions of this Agreement.

Any "Work" (as hereinafter defined) done during the term of this Agreement by the FBO must have prior written consent of the City, not to be unreasonably withheld. Said Work shall include any interior work in the amount of \$500.00 or more, including remodeling or structural alterations. However, prior written consent is not required for preventative maintenance. Any outside signs must have prior approval by the City. Any leasehold improvements made pursuant to this section by the FBO, shall at the termination of said the FBO, become part of the Premises and shall become the property of the City.

Prior to the commencement of the Work, the FBO shall also submit, if requested by City's Staff: (i) a bond or other security in an amount, form and with a surety satisfactory to City's staff, conditioned for the commencement, completion and payment for such Work and against loss or damage by reason of mechanic's liens; (ii) an insurance policy in the amount approved by the City, written by an

insurance company approved by the City protecting the City from all liability to persons or property for damages arising out of the work. (iii) cost estimates for the Work; and (iv) a sworn construction statement listing all individuals or entities providing labor, services, materials or equipment for the Work and containing such other information as City's staff may request.

The FBO shall only proceed with the Work after approval from City's staff, not to be unreasonably withheld, delayed or conditioned, and after obtaining all necessary government building permits and approvals and providing copies to City, if requested.

c. Completion

The FBO shall complete any and all Work, including Work subject to City approval at the FBO's cost. In completing any type of Work of any amount the FBO shall:

- (1) Do or cause all Work to be done in a good and workmanlike manner, within a reasonable time and in compliance with the Policies and applicable insurance requirements, building codes, zoning ordinances, laws and regulations;
- (2) Keep the Premises, this Agreement and every building, structure and improvement on the Premises free and clear from all liens for labor performed and materials furnished; and
- (3) Defend, at the FBO's cost, each and every lien asserted or filed against the land, or any part thereof, or against this Agreement or any building, structure or improvement on the Premises and pay each and every judgment resulting from such lien.

13. Maintenance

The FBO shall take good care of the Premises described as Parcel (A), (C), (D), (E), (G) and (M), and shall keep and maintain them in order and repair and in clean and neat condition. At the termination of the Agreement, these Parcels shall return to the City, those Parcels in the same condition that it was leased to them subject to reasonable wear and tear. The FBO shall not suffer or permit any waste or nuisance on the Premises that shall interfere with the rights of other tenants or City in connection with the use of Airport property not leased to the FBO.

14. Insurance

a. The FBO Required Insurance

Effective as of the earlier of the date the FBO enters or occupies the Premises or the Commencement Date, and continuing during the Agreement Term, the FBO, at its expense, shall obtain and maintain in full force the following insurance coverage:

- (1) The FBO shall insure their own personal property located on their Premises, including any aircraft which they own, and the Landlord shall have no obligation to insure any personal property or any aircraft located in the Premises against any loss.
- (2) Worker's compensation insurance with no less than the minimum limits required by law if the FBO has employees located at the Premises.
- (3) Commercial general liability insurance, with a minimum limit of \$2,000,000.00 per occurrence for property damage, personal injuries, or deaths of persons occurring in or about the Premises, or in or about the Airport if caused by the act or omission of the FBO or those for whom the FBO is legally responsible, and listing City as an additional name insured.

b. City's Required Insurance

The City shall insure Parcels (A) and (B) for casualty losses in the amount of its reasonable value. The FBO shall reimburse the City its' proportionate share of said insurance costs on an annual basis as included in Section. 6.a. Rent. The City shall, at their expense, insure Parcels, (C), (D), and (E), and (M) for casualty losses in the amount of its reasonable value. The FBO shall insure Parcel (G) against any loss or any environmental hazards or environmental losses arising out of the operation, maintenance and repair of Parcel (G).

c. Form of Insurance/City's Rights

All required insurance policies shall insure on an occurrence and not a claims-made basis, shall be issued by insurance companies which are reasonably acceptable to City's insurance staff, and shall not be cancelable, reduced or materially changed unless thirty (30) days prior written notice shall have been given to City. Any policy issued to City providing duplicate or similar coverage shall be deemed excess over the FBO's policies.

Original certificates evidencing coverage shall be delivered to City or to its designated agent at least ten (10) days prior to the Commencement Date and at least fifteen (15) days prior to each renewal of such insurance.

d. Indemnity

To the fullest extent permitted by law, the FBO agrees to indemnify, defend, save and hold harmless City and its officers, agents and employees (collectively "Indemnitees") from and against any and all liabilities, losses, damages, suits, actions, claims, judgments, settlements, fines or demands of any person arising by reason of injury or death of any person, or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorneys' fees, court costs and expert fees), of any nature whatsoever arising out of or incident to (i) the use or occupancy of, or operations of the FBO at or about the Premises and the Airport, or (ii) the acts or omissions of the FBO's officers, agents, employees, contractors, subcontractors, licensees or invitees, regardless of where the injury, death or damage may occur. Notwithstanding the foregoing, the FBO is not obligated to indemnify defend, save and hold harmless an Indemnatee as a result of the Indemnatee's negligence or intentional acts.

City shall give the FBO reasonable notice of any such claim or action. In indemnifying or defending an Indemnatee, the FBO shall use legal counsel reasonably acceptable to City. City, at its option, shall have the right to select its own counsel or to approve joint counsel as appropriate (considering potential conflicts of interest) and any experts for the defense of claims. The FBO, at its expense, shall provide to City all information, records, statements, photographs, video, or other documents reasonably necessary to defend the parties on any claims.

The provisions of this Section shall survive expiration or earlier termination of this Agreement. The furnishing of the required insurance hereunder shall not be deemed to limit the FBO's obligations under this Section.

As a distinct and separate indemnification obligation, the FBO's shall defend, indemnify and hold City harmless from any claims or liabilities arising solely as a result of the FBO's failure to procure and to keep in force the insurance required in this Section.

15. Damage or Destruction

a. Landlord's Obligation to Rebuild

If the improvements on the Premises are damaged by fire or other casualty, the FBO's payment pursuant to this agreement, shall be reduced until the City restores, replaces and rebuilds the improvements to the same or better condition, as the Premises existed prior to the casualty loss. The City shall have sufficient insurance and use the insurance proceeds to rebuild said improvements according to plans and specifications approved by the City and the FBO. The City has no obligation to put into any rebuilding project any funds other than the insurance proceeds.

16. Surrender of Premises by the FBO

Upon the expiration or early termination of this Agreement, the FBO shall quietly and peacefully deliver to City the leased Premises.

17. Transfers

a. General Restrictions

Except as set forth in this Section, the FBO may not assign, either absolutely or as collateral for the FBO's payment of a debt or performance of an obligation, all or any part of the FBO's rights or obligations under this Agreement including, but not limited to, FBO's right to possession of the Premises. Except as set forth below, the FBO may not sublease all or any portion of the Premises.

Notwithstanding the foregoing provisions, the FBO may assign or sublet all or any part of the FBO's rights or obligations under this Agreement to any legal entity which is wholly owned by the FBO, or to any successor legal entity with which the FBO has consolidated or merged; provided, however, that the FBO shall remain liable for the performance of its duties and obligations hereunder.

b. Assignment Rights

For purposes of this Section, this term "assignment" includes all transfers, conveyances or assignments of the FBO's rights, whether voluntary or involuntary, other than a sublease or a leasehold mortgage. The FBO shall not have any or all rights pursuant to this agreement to any other party without the written permission of the City. Upon the FBO proposing to assign these rights, the City shall investigate the assignee as to being able to fulfill its financial obligations pursuant to this agreement and the ability of the assignee to provide the services necessary pursuant to this agreement. Said assignment shall not be a valid transfer until the City consents to this assignment.

(1) The FBO must submit a written request for the proposed assignment at least thirty (30) days prior to the date the FBO desires to consummate the assignment. At a minimum, the FBO shall submit:

- (a) The name, address and telephone number of the proposed FBO;
- (b) A detailed description of the proposed operation;
- (c) The business background and qualifications of the proposed FBO and the number of proposed employees;

- (d) Statements and documents demonstrating the financial stability of the proposed FBO; and
 - (e) Any other information that the City may reasonably request.
- (2) The proposed FBO has complied with all of the terms and conditions of this lease or agreement in existence between the City and the proposed tenant, and is otherwise acceptable to the City.
 - (3) The assignment is an assignment of all the FBO's rights and obligations under this Agreement.
 - (4) Contemporaneously with the assignment of the FBO's interests under this Agreement, the FBO must also convey the FBO's right, title and interest, if any, in and to any Improvements located on the Premises to the assignee of the FBO's rights under this Agreement.
 - (5) The assignees written assumption of the FBO's obligations under this Agreement with City's consent will release the FBO from those obligations from and after the date of assignment, except as it relates to events or circumstances occurred prior to the date of assignment.
 - (6) If City has identified environmental issues affecting the Premises caused solely by the FBO's use or misuse of the Premises during the Agreement Term, the FBO must resolve the environmental issues to City's reasonable satisfaction.
 - (7) The FBO may not assign the FBO's rights or obligations under this Agreement if, as of the effective date of the assignment, the FBO is in default under the terms of this Agreement or under the terms of any other agreement between City and the FBO, or facts or circumstances exist which would constitute a default with the giving of notice and passage of item as contemplated by this Agreement.

If all of the above conditions are met, the City may, at its discretion, consent to the assignment.

c. Sublease

- (1) Except as otherwise provided herein, the FBO may not sublease the Premises or any portion thereof, without the written consent of City.
- (2) The request for consent must come from the FBO. The request must include:

- (a) Name, address and telephone number of the proposed subtenant;
 - (b) A detailed description of the proposed operation;
 - (c) The business background and qualifications of the proposed subtenant and the number of proposed employees;
 - (d) Statements and documents demonstrating the financial stability of the proposed subtenant(s); and
 - (e) Any other information City may request.
- (3) The request for consent to sublease all or a portion of the Premises for commercial use will only be considered if:
- (a) The FBO and subtenant do not owe any monies to City under the terms of their present lease(s); and
 - (b) The FBO and subtenant have complied with the terms and conditions of their current lease(s), including environmental requirements.
- (4) The FBO shall be responsible for all activities of subtenant(s) occupying the Premises, for assuring that any sublease(s) are made subject and subordinate to this Agreement. Any subtenant is subject to all of the terms and conditions of this Agreement including the provisions of this Agreement which permit City to terminate this Agreement (which would result in a termination of the sublease) if the FBO defaults in its performance of one or more of the FBO's obligations under this Agreement (whether or not the subtenant is in default under the terms of the sublease). The FBO must include in any sublease, a provision whereby the subtenant agrees, for the benefit of City, to indemnify City in a manner consistent with the indemnification that is made by the FBO under this Agreement, and the sub lessee also agrees to maintain, in the subtenant's own name, liability insurance and all the other insurance provisions of this Agreement in their own name.

d. Collateral Assignments

The FBO may not assign, transfer, mortgage or otherwise pledge all or any portion of its rights, title or interest in the Premises pursuant to this Agreement or any of its other rights under this Lease as collateral to secure the FBO's payment of a debt or performance of any other obligation of the FBO.

e. Change in Control of Entity

If the FBO is a corporation, limited liability company, partnership or other business entity, the requirements of this Agreement also apply to any change in the ownership of the FBO if, as a result of such transfer, there is a change in the identity of individual or individuals who held a majority of the voting interest in the FBO or otherwise controlled the actions of the FBO as of the Commencement Date.

If the FBO is an entity, a change in the name of the FBO, which does not result in a change in ownership, the FBO must provide City's staff with documentation, satisfactory to City evidencing the change of name within thirty (30) days following the effective date of said name change.

f. Transfer of Improvements

The FBO shall not permit, voluntarily or by operation of law, any improvements to the Premises to be owned by any person or entity other than the FBO without the City's consent.

18. Default

a. Events of Default

Any of the following shall constitute a default under this Agreement:

- (1) The FBO fails to pay money owed to City under this Agreement when due, and such failure continues ten (10) days after written notice from City to the FBO.
- (2) The FBO uses the Premises for any purpose not expressly authorized by this Agreement and such default continues for thirty (30) days following written notice from City to the FBO.
- (3) The FBO fails to follow an inspection in accordance with the terms and conditions of this Agreement and such default continues for thirty (30) days following written notice from City to the FBO unless FBO's refusal is based on a good faith disagreement.
- (4) The FBO assigns, subleases or transfers this Agreement except as otherwise permitted, and such assignments, sublease or transfer continues for thirty (30) days following written notice from City to the FBO.

- (5) The FBO fails to carry the insurance required under this Agreement; any insurance required under this Agreement is cancelled, terminated, expires or is reduced or materially changed so as to not comply with this Agreement; or City receives notice of any such conditions pursuant to this Agreement, and such failure continues for a period of thirty (30) consecutive days.
- (6) The FBO vacates or abandons the Premises, and such vacation or abandonment continues for thirty (30) days following written notice from City to the FBO.
- (7) The FBO fails to discharge, by payment or bond, any lien or encumbrance placed upon the Premises or improvements in violation of this Agreement within thirty (30) days following written notice from City to the FBO that any such lien or encumbrance is filed against the Premises and/or improvements.
- (8) The FBO (a) makes a general assignment for the benefit of creditors; (b) commences any case, proceeding or other action seeking to have an order for relief entered or to adjudicate the FBO bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any of any substantial part of its property; or (c) involuntarily becomes the subject of any proceeding for relief which is not dismissed within sixty (60) days of its filing or entry.
- (9) The FBO fails to comply with any other term or condition of this Agreement and such default continues for more than thirty (30) days after written notice from City to the FBO, or for a longer period of time as may be reasonably necessary to cure the default, but only if: (i) the FBO is reasonably capable of curing the default, and (ii) is working diligently as determined by City to cure the default.

b. City Remedies

If a default occurs, City, at its option and in its sole discretion, may at any time thereafter do one or more of the following to the extent permitted by applicable law:

- (1) City may, without releasing the FBO from its obligations under the Agreement, attempt to cure the default. City may enter the Premise for such purpose and take such action as it deems desirable or appropriate to cure the default. This entry is not an eviction of the FBO or a termination of this Agreement;

- (2) With legal process, re-enter the Premises or any part thereof and take possession of it fully and absolutely, without such re-entry working a forfeiture of the money to be paid and the terms and conditions to be performed by the FBO for the full Term of this Agreement. City's re-entry of the Premises is not a termination of this Agreement. In the event of such re-entry, City may proceed for the collection of money to be paid under this Agreement or for properly measured damages;
- (3) Terminate this Agreement upon written notice to the FBO and re-enter the Premises as of its former estate, and shall have the right to implement the provisions under this Agreement, and the FBO covenants in the case of such termination to indemnify City against all loss of rents and expenses during the remainder of the Term; and

In the event of any default and for any type of remedy chosen by City, the FBO shall reimburse City for all reasonable fees and costs incurred by City, including reasonable attorneys' fees, relating to such default and/or the enforcement of City's rights hereunder, and costs incurred attempting to cure a default. Any and all legal remedies, actions and proceedings shall be cumulative.

c. Dispute Resolution

Any dispute arising out of this agreement, unless earlier resolved by mutual agreement, shall be finally settled by arbitration to be held in the City of Marshall, Minnesota, pursuant to commercial arbitration rules. The Arbitration Panel shall consist of three arbitrators. Each party shall select one arbitrator within fifteen (15) days from the date of filing of any demand for arbitration and the third arbitrator (as well as any other vacancies on the panel) shall be appointed jointly by the parties. It is the parties' desire that all arbitration be concluded speedily, with the hearing to take place and the award to be made within forty-five (45) days of the filing of any demand for arbitration. Judgment upon the award of a majority of the arbitrators shall be binding upon the parties hereto and may be entered in any court having jurisdiction. Specific performance and injunctive relief may be ordered by the award. Costs and attorneys' fees shall be paid as the arbitrators' award shall specify. As the sole exception to arbitration, each party shall have the right to obtain injunctive relief, only, from any court having jurisdiction so as to preserve that party's rights for resolution in any pending or imminent arbitration proceedings; but no such injunction shall prohibit or postpone such arbitration proceedings, and any such injunction may be modified or vacated as a result of the arbitration award.

d. Default of Other Agreements

Default by the FBO of any other agreement between the FBO and City shall not constitute default of this Agreement.

19. Environmental Responsibilities

a. Definitions

- (1) "Environmentally Regulated Substances" means any element, compound, pollutant, contaminant, or toxic or hazardous substance, material or waste, or any mixture thereof, regulated pursuant to any Environmental Law, including but not limited to products that might otherwise be considered of commercial value, such as asbestos, polychlorinated biphenyls, petroleum products and byproducts, glycol and other materials used in de-icing operations.
- (2) "Environmental Law" means any common law or duty, case law or ruling, statute, rule, regulation, law, ordinance or code, whether local, state or federal, that regulates, creates standards for or imposes liability or standards of conduct concerning any element, compound, pollutant, contaminant, or toxic or hazardous substance, material or waste, or any mixture thereof, including but not limited to products that might otherwise be considered of commercial value, such as asbestos, polychlorinated biphenyls, petroleum products and byproducts, glycol and other materials used in de-icing operations.

b. Indemnification

In addition to the general indemnification contained in this Agreement, the FBO hereby indemnifies and agrees to defend, protect, and hold harmless, the City, its officers, employees, agents, and their respective successors, as well as successors in title to any interest in the Premises (hereafter "Indemnitees"), from and against any and all losses, liabilities, fines, damages, injuries, penalties, response costs, or claims of any and every kind whatsoever arising solely due to the FBO's use or misuse of the Premises, paid, incurred or asserted against, or threatened to be asserted against, any Indemnatee (hereafter "Claims"), including, without limitation: (i) all consequential damages; (ii) the reasonable costs of any investigation, study, removal, response or remedial action, as well as the preparation and implementation of any monitoring, closure or other required plan or response action; and (iii) all reasonable costs and expenses incurred by any Indemnatee in connection therewith, including but not limited to, reasonable fees for attorney and consultant services; which Claims arise out of or relate to (A) the presence on, in or under, or to escape, seepage, leakage, spillage, discharge, deposit, disposal, emission or release of Environmentally Regulated Substances on, in or from the Premises and Airport or in violation of

any Environmental Law as a result of the FBO's operations, during the term of this Agreement, on the Premises and the Airport, or (B) any material inaccuracy, incompleteness, breach or misrepresentation under this Agreement.

If any such indemnified Claim or action shall be brought against any indemnitee, then after such Indemnitee notifies the FBO thereof, the FBO shall be entitled to participate therein as a party, and shall assume the defense thereof at the expense of the FBO with counsel reasonably satisfactory to such Indemnitee. The FBO shall be entitled to settle and compromise any such Claim or action, provided, however, that such Indemnitee may elect to be represented by separate counsel, at such Indemnitee's sole expense, and if such Indemnity so elects, such settlement or compromise shall be effected only with the consent of such Indemnitee. Such Indemnitee's consent shall not be unreasonably withheld and shall be granted if such settlement or compromise provides for a complete release of such Indemnities. This indemnification and the FBO's obligations hereunder, shall survive after the cancellation, termination or expiration of the term of this Agreement, with respect to matters arising prior thereto and during the term of this Agreement.

City hereby indemnifies and agrees to defend, protect, and hold harmless, the FBO, its officers, employees, agents, and their respective successors, as well as successors in title to any interest in the Premises (hereafter "Indemnities"), from and against any and all losses, liabilities, fines, damages, injuries, penalties, response costs, or claims of any and every kind whatsoever arising from City's past or future use or misuse of the Premises, paid, incurred or asserted against, or threatened to be asserted against, any Indemnity (hereafter "Claims"), including, without limitation: (i) all consequential damages; (ii) the reasonable costs of any investigation, study, removal, response or remedial action, as well as the preparation and implementation of any monitoring, closure or other required plan or response action; and (iii) all reasonable costs and expenses incurred by any Indemnity in connection therewith, including but not limited to, reasonable fees for attorney and consultant services; which Claims arise out of or relate to (A) the presence on, in or under, or to escape, seepage, leakage, spillage, discharge, deposit, disposal, emission or release of Environmentally Regulated Substances on, in or from the Premises and Airport or in violation of any Environmental Law as a result of City's action or inaction prior to or following the term of this Agreement, on the Premises and the Airport, or (B) any material inaccuracy, incompleteness, breach or misrepresentation under this Agreement.

If any such indemnified Claim or action shall be brought against any indemnity, then after such Indemnity notifies City thereof, City shall be entitled to participate therein as a party, and shall assume the defense thereof at the expense of City with counsel reasonably satisfactory to such Indemnity. City shall be entitled to settle and compromise any such Claim or action, provided,

however, that such Indemnity may elect to be represented by separate counsel, at such Indemnity's sole expense, and if such Indemnity so elects, such settlement or compromise shall be effected only with the consent of such Indemnity. Such Indemnity's consent shall not be unreasonably withheld and shall be granted if such settlement or compromise provides for a complete release of such Indemnities. This indemnification and City's obligations hereunder, shall survive after the cancellation, termination or expiration of the term of this Agreement, with respect to matters arising prior to and following the term of this Agreement.

c. Compliance with Environmental Laws

City covenants that the Premises are not currently subject to environmental claims for violation of federal, state, or local law or regulations. FBO is not currently aware of any violations of federal, state or local law or regulations. During the Term of this Agreement, the FBO shall keep and maintain and shall conduct its operations on the Premises and Airport in full compliance with all applicable Environmental Laws. The FBO shall further use commercially reasonable efforts to ensure that its employees, agents, contractors and subcontractors occupying or present on the Premises and Airport and any other persons conducting any activities on the Premises and Airport comply with all applicable Environmental Laws. By virtue of its operational control of the Premises, the FBO shall be fully responsible for obtaining all necessary permits or other approvals under the Environmental Laws and shall have full responsibility for signing and submitting any necessary applications, forms, documentation, notifications, certifications, or other governmental submittals relating thereto. Upon the request of City, the FBO shall provide copies to City of any such applications, forms, documentation, notifications or certifications within thirty (30) days.

d. Testing and Reports

The FBO shall provide to City, within thirty (30) days of receipt, a copy of any notice regarding a violation of the Environmental Laws arising out of the FBO's operations on the Premises and Airport during the term of this Agreement, a copy of any report, whether in final or draft form, regarding compliance with Environmental Laws or with the presence, use, emission or release of any Environmentally Regulated Substances arising out of the FBO's operations on the Premises and Airport during the term of this Agreement, or a copy of any notice of the emission or release of Environmentally Regulated Substances in violation of the Environmental Laws arising out of the FBO's operations on the Premises and Airport during the term of this Lease. If the City has a reasonable basis to believe that the FBO is not meeting the obligations of this Agreement, the City may, pursuant to section 17(f), investigate, study and test the Premises.

e. Notification

The FBO shall notify City in writing of any matter the FBO obtains knowledge of that may give rise to an indemnified claim under this Agreement or that constitutes any emission, spill or release or any threatened emission, spill or release of any Environmentally Regulated Substance in, on, under or about the Premises and Airport arising out of the FBO's operations during the term of this Agreement which is or may be in violation of the Environmental Laws. The FBO shall promptly notify City verbally of any fuel spill or any other spill caused or resulting from the FBO's operations on the Premises and Airport during the term of this Agreement.

f. Right to Investigate

City shall have the right, but not the obligation or duty, upon 24 hours' prior written notice to the FBO, anytime during the term of this Agreement, to investigate, study and test the Premises, at City's own expense, and without interfering with the FBO's operations on and use of the Premises, to determine whether Environmentally Regulated Substances are located in, on or under the Premises, or were emitted or released therefrom, which are not in compliance with Environmental Laws. City's investigation of the Premises under this provision shall be in accordance with and subject to the Inspection Procedures established in the Policies. City shall pay the FBO the cost to repair any damage to the Premises caused by City's investigation, study or testing and shall indemnify, defend and save harmless the FBO and its officers, employees, agents and successors from and against any and all claims, suits, losses, damages and expenses, including reasonable attorney and consultant fees, directly resulting from City's investigation, study or testing. City's obligation to indemnify the FBO under this section does not release the FBO from its indemnification obligations to the City under any provision of this Agreement.

If any such claim shall be brought against the FBO, (or its officers, employees, agents and successors, collectively "FBO" in this paragraph) then after such the FBO notifies City thereof, City shall be entitled to participate therein as a party, and shall assume the defense thereof at the expense of City with counsel reasonably satisfactory to such the FBO. City shall be entitled to settle and compromise any such claim or action, provided, however, that such the FBO may elect to be represented by separate counsel, at such the FBO's sole expense, and if such the FBO so elects, such settlement or compromise shall be effected only with the consent of such the FBO. Such FBO's consent shall not be unreasonably withheld and shall be granted if such settlement or compromise provides for a complete release of such the FBO. This indemnification and City's obligation hereunder, shall survive after the cancellation, termination or expiration of the Term of this Agreement, with respect to matters arising prior thereto.

g. Right to Take Action

City shall have the right, but not the duty or obligation, to take whatever reasonable action it deems appropriate to protect the Premises and Airport from any material impairment to its value resulting from any escape, seepage, leakage, spillage, discharge, deposit, disposal, emission or release of Environmentally Regulated Substances from the Premises and Airport which violates any Environmental Law and arises out of the FBO's operations on the Premises and Airport during the term of this Agreement. City shall notify the FBO of its intention to take such action in writing thirty (30) days before proceeding under this section. Within such thirty (30) day period, the FBO shall have the opportunity to take whatever reasonable action is mutually agreed upon by the FBO and City to cure the matter of concern or provide City a binding commitment to do so within a reasonable time. If the FBO does not take such action or provide a binding commitment within the thirty (30) day period, City may proceed with the terms of this Section. All reasonable costs associated with any action by the City in connection with the provisions herein, including but not limited to reasonable attorneys' fees, shall be subject to indemnification by the FBO to the City based on a demonstration of FBO's responsibility under this Agreement.

h. Claims Relating to Environmentally Regulated Substances

To the best of the FBO's knowledge (except for matters that have been corrected in accordance with law) (i) no enforcement, investigation, clean-up, removal, remediation or response or other governmental or regulatory actions have been asserted or threatened with respect to the FBO's past operations conducted on the Premises or Airport, or the Premises itself, or against the FBO with respect to or in any way regarding the Premises, pursuant to any Environmental Laws, or relating to Environmentally Regulated Substances; (ii) no violation or noncompliance with Environmental Laws has occurred with respect to the Premises or the FBO's past operations thereon; (iii) no claims with respect to the Premises or the FBO's past operations thereon, or against the FBO with respect to the Premises or Airport or the FBO's past operations thereon relating to Environmental Laws or Environmentally Regulated Substances, have been made or been threatened by any third party, including any governmental entity, agency or representative. For purposes hereof, "the best of the FBO's knowledge" shall mean the actual knowledge without any duty to inquire.

20. Non-Discrimination

a. General

The FBO, for itself, and its heirs, representatives, successors and assigns, as part of the consideration herein, hereby covenants and agrees, as a covenant running

with the land, that (1) no person, on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Premises; (2) that in the construction of any improvements on, over, or under the Premises, and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) the FBO 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, as amended from time to time.

b. Improvements

The FBO, for itself, and its heirs, representatives, successors and assigns, as part of the consideration herein, hereby covenants and agrees, as a covenant running with the land, that in the event improvements are constructed, maintained or otherwise operated on the Premises for a purpose for which a program or activity of the Department of Transportation is extended or for another purpose involving the provision of similar services or benefits, the FBO shall operate such improvements and services 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, as amended from time to time.

c. Economic

The FBO, and those operating under agreement with the FBO, shall furnish services authorized by this Agreement on a fair, equal and not unjustly discriminatory basis to all users thereof, and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that the FBO and those operating under agreement with the FBO shall be allowed to make reasonable and not unjustly discriminatory discounts, rebates and other similar types of price reductions to volume purchasers.

21. Civil Rights

The FBO agrees that it will comply with applicable laws, statutes, Executive Orders and rules that are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age or handicap be excluded from participating in any activity conducted with or benefiting from federal assistance. This provision obligates the FBO or its transferee for the period during which federal assistance is extended to the Airport, except where federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the provision obligates the party or any transferee for the longer of the

following period: (1) the period during which the property is used by the sponsor or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (2) the period during which the Airport sponsor or any transferee retains ownership or possession of the property.

22. City's Operation of the Airport

City shall properly maintain, operate and manage the Airport at all times in a safe manner, according to generally accepted good practices in the State of Minnesota for airports of similar size and character. If for any reason beyond the control of the City (including, but not limited to, war, strike, riots and civil commotion) the City fails to properly maintain, operate or manage the Airport, such failure is not a breach of this Agreement and the City is not liable in damages. This paragraph does not require the City to operate an airport traffic control tower at the Airport unless, in the judgement of the City such operation is deemed necessary.

23. Use Not Exclusive

The FBO shall have the right to conduct all operations authorized pursuant to the terms of this Agreement, provided, however, that this Agreement shall not be deemed to grant to the FBO, or those claiming under the FBO the exclusive right to use any part or portion of the Airport other than the Premises.

Notwithstanding the terms of this Agreement, if City enters into an agreement with another commercial or scheduled carrier, commercial operator or other related aviation services company for the purpose of providing any services authorized to FBO under this Agreement, FBO shall be entitled to negotiate any terms of this Agreement which are inconsistent with terms offers to such other company. In the event the parties are unable to reach an agreement on new terms, the FBO may terminate the Agreement and its obligations arising under it with thirty (30) days notice in writing.

24. General Provisions

a. Airport Access

The FBO has the privilege of using the public portions of the Airport, such as runways and other public facilities, under such terms, ordinances, rules and regulations as now exist or may be enacted by City, and subject to charges for such use as may be established by City, by ordinance or agreement with the FBO.

b. Waiver

The waiver by City or the FBO of any breach of any term of this Agreement shall not be deemed a waiver of any prior or subsequent breach of the same term or any other term of this Agreement.

c. Headings

The headings in this Agreement are for convenience in references and are not intended to define or limit the scope of any provision of this Agreement. Notwithstanding anything in this Agreement to the contrary, in the event of any failure of Landlord to comply with the provisions of this Agreement, and such failure materially impairs the FBO's use of the Premises, the FBO may elect to terminate this Agreement upon thirty (30) days prior written notice to Landlord unless, prior to the expiration of such period, Landlord has either (i) cured such default or commenced to cure such default and thereafter shall be proceeding with due diligence to complete the same; or (ii) gives written notice to the FBO that it disputes the FBO's assertion that Landlord is in default, in which event Landlord shall simultaneously file a demand for arbitration.

d. Entire Agreement

This Agreement represents the entire agreement between the parties and supercedes any prior agreements regarding the Premises. This Agreement may only be modified if done in writing and executed by both parties.

e. Severability

If any part of this Agreement shall be held invalid, it shall not affect the validity of the remaining parts of this Agreement, provided that such invalidity does not materially prejudice either party under the remaining parts of this Agreement.

f. Governing Law

This Agreement shall be governed by Minnesota law.

g. Public Data

City shall use reasonable care to treat matters pertaining to the FBO's business in a confidential manner to the extent permitted by law. This Agreement, and the information related to it, is subject to the Minnesota Government Data Practices Act, which presumes that data collected by City is public data unless classified otherwise by law.

h. Commitments to Federal and State Agencies

Nothing in this Agreement shall be construed to prevent City from making such commitments as it desires to the Federal Government or the State of Minnesota in order to qualify for the expenditure of Federal or State funds on the Airport.

i. Successors

This Agreement shall extend to and bind the legal representatives, successors and assigns of the parties to this Agreement.

j. Relationship of Parties

Nothing contained in this Agreement shall be deemed to create a partnership, association or joint venture between City and the FBO, or to create any other relationship between the parties other than that of Landlord and the FBO.

k. Consent and Approvals

Whenever in this Agreement the consent or approval of City is required, such phrase means that the request shall first be submitted for approval to the airport commission who shall make a recommendation to said approval to the City Council and the final approval shall be approved by the Marshall City Council. When the consent or approval of City's staff is required, such phrase means the consent or approval from the appropriate employee or agent of City.

l. Notice

Any notice required under this Agreement shall be in writing and delivered in person or by courier or mailed by certified mail, return receipt requested by United States Mail, postage prepaid addressed as follows:

City: City of Marshall, Minnesota
Attn: Marshall City Administrator
344 West Main Street
Marshall, Minnesota 56258

Tenant: Southwest Aviation, Inc.
Attn: Mr. Pete Johnson
C/O Midwest Aviation
1650 W. College Drive, Suite 100
Marshall, MN 56258


Notice is deemed given (i) two (2) business days after being deposited in the mail, whether or not the notice is accepted by the named recipient, or (ii) if delivered by any other means, the date such notice is actually received by the named recipient.

Either party may change the party's address for notice by providing written notice to the other party.


IN WITNESS WHEREOF, City and the FBO have executed this Agreement as of the dates indicated below.

CITY:

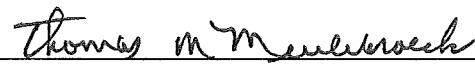
CITY OF MARSHALL


By: Robert J. Byrnes
Its: Mayor

Date: 12-2-14


By: Benjamin S. Martig
Its: City Administrator

Date: 12-2-14


By: Thomas M. Meulebroeck
Its: City Clerk/Finance Director

Date: 12-2-14

TENANT

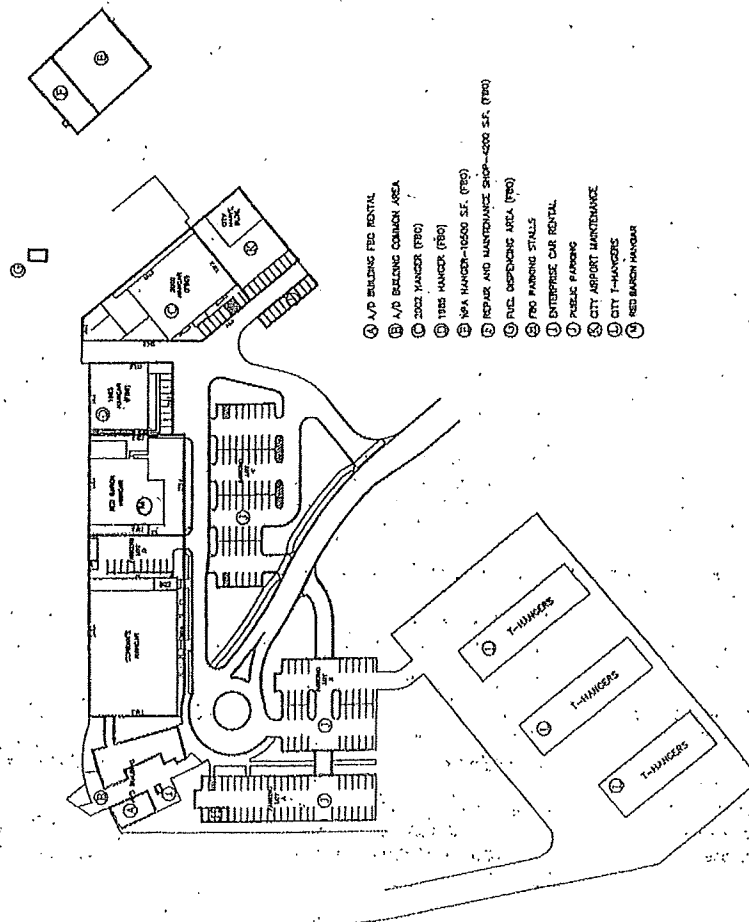
SOUTHWEST AVIATION, INC. DBA MIDWEST AVIATION


By: Pete Johnson
Its: President

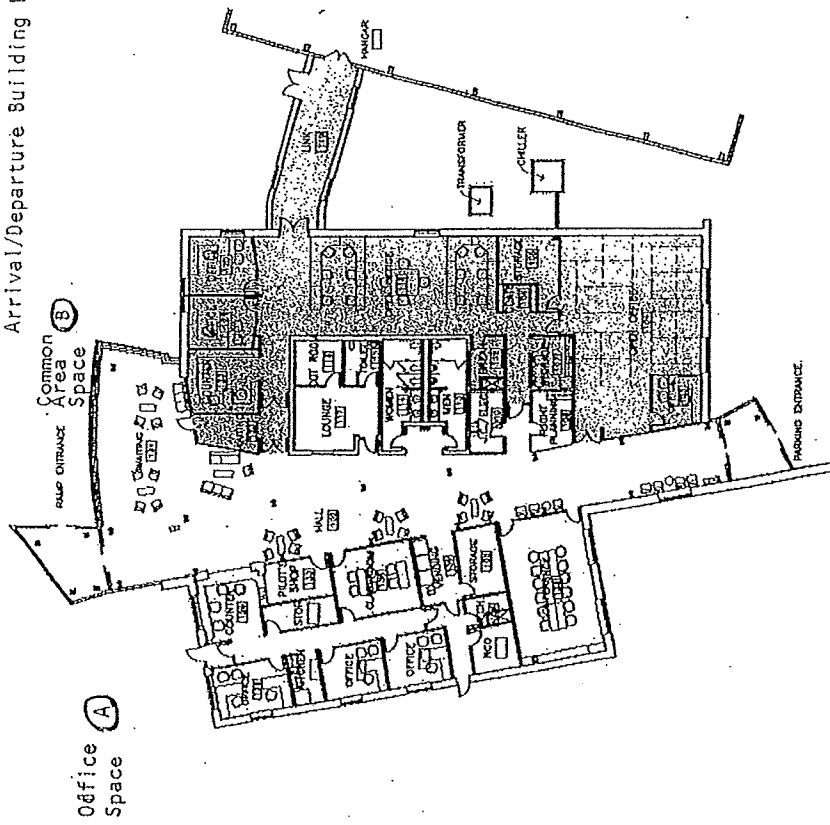
Date: 12-2-14

EXHIBIT "A"

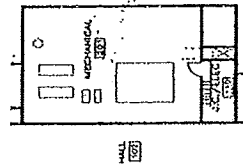
SOUTHWEST MINNESOTA REGIONAL AIRPORT
MARSHALL RYAN FIELD



Arrival/Departure Building Lease Detail



<input type="checkbox"/>	SCHWAN'S TOTAL 4,529 S.F.
<input type="checkbox"/>	MIDWEST TOTAL 1,774 S.F.
<input type="checkbox"/>	LOBBY TOTAL 3,777 S.F.
<input type="checkbox"/>	PUBLIC TOTAL 3,503 S.F.



1 FIRST FLOOR PLAN
NO SCALE

2 MEZZANINE FLOOR PLAN
NO SCALE



EXHIBIT "B"

Rental Fees

- Monthly Pro-Rata Rent/Building Rental Fees for premises identified in Section 1a. — Description of Premises shall include: Section 4. Cleaning, Building Maintenance and Operational Expenses, Section 7. Rent, 8a. Utilities, 8b. Maintenance Fees, and 14b. City's Required Insurance:

-General FBO Lease	\$543.00/Mo.
-1985 Hangar	\$575.00/Mo.
-2002 Hangar	\$2,444.00/Mo.
-Red Baron Hangar	\$1,938.00/Mo.

Total Monthly Rent \$5,500.00/Mo.*

*This rent shall be adjusted annually by the City at a cap not to exceed the Consumer Price Index for All Urban Consumers (CPI-U) as determined in October of each succeeding year during the term of this Lease.

RESOLUTION NO. 4092, SECOND SERIES

RESOLUTION AUTHORIZING THE PROPER CITY OFFICIALS TO EXECUTE FIXED BASE OPERATOR'S AGREEMENT AND COMMERCIAL LEASE BETWEEN THE CITY OF MARSHALL AND SOUTHWEST AVIATION, INC. DBA MIDWEST AVIATION

WHEREAS, the parties City of Marshall and Southwest Aviation, Inc. doing business as Midwest Aviation, entered into a Fixed Base Operator's Agreement and Commercial Lease on January 1, 2004 for a period of ten years; and

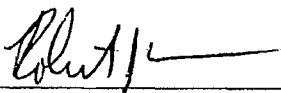
WHEREAS, the present ten year FBO lease was effective through 12/31/2013, has been carried forward for 2014 based upon the terms as previously established.

WHEREAS, continuing discussions and negotiations have revolved around description of the premises that will be leased as well as the monthly rental for the property. The parties have both agreed that Parcel F (the repair and maintenance shop) will no longer be leased by the FBO; however, Parcel M (Red Baron Hangar) will be leased by the FBO.

NOW, THEREFORE, BE IT RESOLVED, that the City of Marshall does hereby authorize the proper City officials to execute a Fixed Base Operator's Agreement and Commercial Lease between City of Marshall and Southwest Aviation, Inc. doing business as Midwest Aviation, to be in place for the period of time January 1, 2015 through December 31, 2024.

Passed and Adopted by the Council this 10th day of November, 2014.

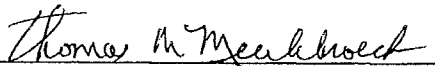
CITY OF MARSHALL



By: Robert J. Byrnes

Its: Mayor

ATTEST:



By: Thomas M. Meulebroeck

Its: City Clerk/Finance Director

THIS INSTRUMENT WAS DRAFTED BY:

QUARNSTROM & DOERING, P.A.
MARSHALL CITY ATTORNEY

By: Dennis H. Simpson
109 South Fourth Street
Marshall, MN 56258
(507) 537-1441