

LEASE AGREEMENT

Lease Agreement made as of the _____ day of _____, 2003, by and between Lake Express, LLC, a Wisconsin limited liability company, (hereinafter referred to as "Tenant"), and the CITY OF MILWAUKEE, a Wisconsin corporation, by and through its Board of Harbor Commissioners (hereinafter collectively referred to as the "City").

WITNESSETH:

City hereby leases, demises and lets unto Tenant the unimproved real property comprised of approximately five (5) acres, located on the South Harbor Tract of the City of Milwaukee (hereinafter referred to as the "Property") together with certain improvements that the City hereby undertakes to develop (hereinafter referred to as the "Improvements") in order to make the Property usable as a terminal for the operation of high-speed auto/passenger ferries. The Property and Improvements are collectively referred to as the "Premises" and are more particularly described in Exhibits A and B respectively, both of which are affixed hereto and incorporated into this document by this reference.

This Lease is entered into by the parties under the following terms and conditions:

1. Term. The Term of this lease shall be Ten (10) years, commencing on the Commencement Date (as hereafter defined) and ending on midnight of the last day of the one hundred twentieth month of the Lease Term (the "Initial Term").

Tenant shall have the option of extending the Lease for three additional five (5) year periods, the "First Option Period" (the five year period following expiration of the Initial Term); the "Second Option Period" (the five year period following expiration of the First Option Period); and the "Third Option Period" (the five year period following expiration of the Second Option Period) under the same terms and conditions of the Initial Term, except for the escalation of rentals as described below.

The First, and each subsequent Option Period(s), shall be automatically exercised without Tenant's further action; if Tenant does not wish to enter into any extended period, the Tenant must so notify City in writing at least six (6) months prior to the expiration of the Initial Term or the then applicable Option Period. The "Commencement Date" shall mean the later of (i) April 15, 2004 and (ii) the first day of the calendar month succeeding by not less than sixty (60) days the date upon which City has completed construction of the Improvements, made the Improvements available to Tenant for occupancy in accordance with paragraph 25(B) herein, and provided to Tenant an occupancy permit (the "Occupancy Date"). City shall confirm the Commencement date in writing to Tenant upon delivery of the Improvements to Tenant and shall further confirm the dates that the quarterly payments of fees and rentals are due the City pursuant to paragraph 2(D). Tenant may at any time terminate this Lease upon six months written notice to City if prior to the end of such six month period Tenant has permanently abandoned or ceased to operate any high speed passenger and/or auto/passenger ferry

service on the Great Lakes, and thereafter neither party shall have any further rights or obligations hereunder.

2. Rent.

(A) Wharfage Fees: Tenant shall pay City, each Lease Year during the first five (5) Lease Years of the Lease, a fee of \$.50 (fifty U.S. Cents) per passenger embarked or disembarked at the Premises, provided that Tenant shall pay a minimum Wharfage Fee of \$50,000 during each of such Lease Years. "Lease Year" shall mean each period of twelve consecutive months during the term of the Lease, with the first Lease Year beginning on the Commencement Date.

During the second five (5) Lease Years of the Lease, Tenant shall pay City each Lease Year a fee of \$.75 (seventy-five U.S. Cents) per passenger embarked or disembarked at the Premises provided that Tenant shall pay a minimum Wharfage Fee of \$75,000 during each of such Lease Years.

During the Option Periods, the Wharfage Fees will be escalated as described in paragraph 2(F) below.

For purposes of this paragraph 2(A), the term "passenger" shall mean each individual for whom a fee is charged for passage on a vessel that docks at the Premises.

(B) Terminal Building Rental: In addition to the Wharfage Fees described in paragraph 2 (A), above, Tenant shall pay, for each Lease Year during the Initial Term, an annual rental of Ten Dollars (\$10.00) per square foot of the terminal building constructed as part of the Improvements (the "Terminal Building") based upon the actual enclosed square footage of the Terminal Building. During the Option Periods, the foregoing rental shall be escalated as described in paragraph 2(F).

(C) Maintenance Building Rental: In addition to the Wharfage Fees and the Terminal Building Rental described in paragraphs 2(A) and 2(B), above, Tenant shall pay, for each Lease Year during the Initial Term, an annual rental fee of Three Dollars (\$3.00) per square foot of the maintenance building to be constructed as part of the Improvements (the "Maintenance Building") based upon the actual enclosed square footage of the Maintenance Building. During the Option Periods, the foregoing rental shall be escalated as described in paragraph 2(F).

(D) Payment of Fees and Rentals: Payment of the Wharfage Fees shall be made quarterly, in arrears, based upon the passenger count of the previous three months; if the minimum required annual Wharfage Fee has not been paid by the third quarterly payment of a Lease Year, then the shortfall shall be paid in the last quarterly payment for such Lease Year. Tenant shall keep good and sufficient records (according to generally accepted accounting principles) to accurately confirm passenger counts. Such records shall be made available to the City, on demand during the course of the normal business day, for audit for the purpose of verifying such counts.

Insofar as possible under law, City shall regard the passenger counts as proprietary and commercially sensitive information and will hold same in confidence.

Payment of Terminal and Maintenance Building Rentals shall be made quarterly, in arrears, for each Lease Year. City's architect shall verify in writing the enclosed usable square footage (net of columns and other obstructed areas and intrusions) of the Terminal Building and the Maintenance Building and such verification shall constitute the basis upon which the rental for such buildings shall be calculated. City

shall provide Tenant with such verification at least thirty days prior to the Commencement Date.

To the extent the payment date for any Wharfage Fees or Terminal and Maintenance Building Rentals occurs after this Lease has terminated, Tenant shall remain obligated to make such payment when due.

(E) Other Wharfage and Dockage Fees: No Wharfage Fees shall be levied by the City on personal automobiles, motorcycles, bicycles or other vehicles carried incidental to the carriage of passengers on the ferries. Commercial freight or vehicle carriage other than the above will be subject to the then applicable section of the Municipal Port Tariff or successor document. The present applicable section of such Tariff is attached as Exhibit C.

Because of the nature of the ferry services, with multiple arrivals and sailings per day and with the short duration of port stays, no dockage charges will be assessed. Further, the rentals described in paragraphs 2(B) and 2(C), above, shall be the only rentals charged by the City for any of the Improvements. However, the City shall be entitled to charge fees for parking with respect to vehicles parked on the Premises by passengers rather than carried by the vessel at such rates as City shall reasonably determine subject to consultation with the Tenant with respect to the effect of such parking rates upon Tenant's business. City agrees that it shall be obligated to set such parking fees to approximate the parking fees commonly charged in the area.

(F) Escalation: If Tenant extends the term of this Lease, then, the Wharfage Fees and the Terminal Building Rental and Maintenance Building Rental shall be increased as follows: (i) during the First Option Period, the individual Wharfage Fees

and the annual minimum payments shall be increased to \$.90 (90 U.S. Cents) per passenger and \$90,000 per year, respectively; the Terminal Building Rental shall be increased to Twelve Dollars (\$12.00) per square foot annually; and the Maintenance Building Rental shall be increased to Three Dollars and sixty cents (\$3.60) per square foot annually; (ii) during the Second Option Period, the individual Wharfage Fees and the minimum annual payments shall be increased to \$.99 (99 U.S. Cents) per passenger and \$99,000 per year; the Terminal Building Rental shall be increased to Thirteen Dollars and Twenty Cents (\$13.20) per square foot annually; and the Maintenance Building Rental shall be increased to Three Dollars and Ninety Six Cents (\$3.96) per square foot annually, and (iii) during the Third Option Period, the individual Wharfage Fees and the minimum annual payments shall be increased to \$1.09 (One Dollar and Nine U.S. Cents) per passenger and \$108,900 per year; the Terminal Building Rental shall be increased to Fourteen Dollars and Fifty Two Cents (\$14.52) per square foot annually; and the Maintenance Building Rental shall be increased to Four Dollars and Thirty Six Cents (\$4.36) per square foot annually.

3. Financial Guarantee. Upon the commencement of the term of this Lease, Tenant shall furnish a bond, bank standby letter of credit, or equivalent financial guarantee instrument (the “guarantee instrument”) in a form approved by the City in the amount of \$125,000 to secure Tenant's minimum annual financial obligations to the City. City shall have the absolute right to draw upon such instrument to cure any financial default of Tenant hereunder if Tenant fails to make any payments due within any applicable cure period. In the event Tenant is unable, after exercising reasonable efforts, to procure such instrument, and with the written approval of the City, Tenant may furnish

to City written guarantees of its shareholders or members in a form approved by the City. If Tenant has not committed a material default in its payment obligations hereunder during any consecutive five-year period during the term of this Lease, Tenant shall thereafter be relieved of this supplemental financial security obligation. Further, if Tenant has not committed any default in its payment obligations during the first two years of the term of this Lease, then the amount of the financial guarantee instrument shall be reduced to \$62,500 for the remaining period of time that Tenant is obligated to provide such instrument. Tenant shall not be obligated to restore any portion of the guarantee instrument drawn upon by the City.

4. Use of the Property. Tenant shall have the exclusive use of the Property for the operation of one or more high-speed passenger and/or auto/passenger ferries between the Port of Milwaukee and one or more other ports on the Great Lakes and for such necessary support services incidental to the operation of such vessels and the handling of passengers and vehicles. Additional uses of the Property are not permitted without the prior written approval of the Municipal Port Director. However, nothing herein shall prevent Tenant from conducting within the Terminal ticket sales, retail sales, concessions, food service, restaurant or other similar operations, or entering into subleases or operating agreements enabling others to do so to the extent consistent with the public trust doctrine and complementary to the Tenant's ferry operation.

5. Occupancy Subject to Existing Easements and Restrictions; Reports. Tenant's occupancy of the Property is subject to any recorded easements and restrictions of record. Except as is otherwise provided herein, the use and occupancy of Tenant shall be exclusive.

During the Initial Term, City shall promptly inform Tenant in writing of any and every lease, development or other proposal made or otherwise coming to the attention of City for, or which involves in whole or part, the potential opening of a marine ferry service to or from Milwaukee to carry passengers, vehicles, or both, in scheduled carriage for hire. Nothing in this paragraph shall impair the right or ability of City to act or otherwise proceed in the City's interests concerning any such proposal.

6. Termination and Vacation

(A) Termination and Vacation Date. Tenant shall promptly vacate the Property on the expiration or termination of this Lease. The Property shall be returned to City by Tenant in substantially the same condition in which it was received, normal wear and tear excepted. In the event that Tenant fails to vacate the Property in a timely fashion, City shall have the option to cause the Property to be vacated, and to assess the actual costs of such vacation against the Tenant.

(B) Property to be Vacated Clear of all Materials. Tenant shall vacate the Property free and clear of all materials and equipment except materials and equipment owned by the City. In the event that Tenant fails to vacate the Property in the prescribed state of clearance, as determined by City, after thirty (30) days' written notice to Tenant, City shall have the option to have such clearance and clean-up conducted as in its reasonable judgment is necessary in order to bring the Property to the prescribed state of clearance and to assess the costs of such action against Tenant.

7. Default. The occurrence of one or more of the following events shall be considered events of default under the terms of this Lease:

(A) Tenant shall be adjudged a bankrupt, or a decree or order, approving as properly filed, a petition or answer asking reorganization of Tenant under Federal Bankruptcy Laws as now or hereafter amended, or under the laws of this State, shall be entered, and any such decree, judgment or order shall not have been vacated, stayed or set aside within sixty (60) days from the date of the entry or granting thereof; or

(B) Tenant shall file or admit the jurisdiction of the court and the material allegations contained in any petition in bankruptcy or any petition pursuant or purporting to be pursuant to the Federal Bankruptcy Laws as now or hereafter amended, or Tenant shall institute any proceedings or shall give its consent to the institution of any proceedings for any relief of Tenant under any bankruptcy or insolvency laws or any laws relating to the relief of debtors, readjustment of indebtedness, or reorganization; or

(C) Tenant shall make a general assignment for the benefit of creditors or shall apply for or consent to the appointment of a receiver for Tenant; or

(D) Tenant shall abandon the Premises for a period of thirty (30) days during the operating season or permanently discontinue operation of a high speed ferry service at the Premises or be delinquent in any payments due under this Lease required to be made by Tenant hereunder and such delinquency shall continue for ten (10) days after notice thereof in writing to Tenant; or

(E) Tenant shall default in any of the other covenants or agreements herein contained to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant (subject to the last section of this paragraph 7); or

(F) Tenant shall make any assignment, transfer, conveyance or other disposition of its interest in the Property without the express written consent of City which consent shall not, after the expiration of the first three years of the Initial Term, be unreasonably withheld.

Upon occurrence of any one or more of such events of default, it shall be lawful for City, at its election in the manner and terms herein provided, to declare this Lease ended, and to recover possession of the Property, either with or without process of law, to enter and to expel, and remove Tenant and all agents, employees and representatives of Tenant engaged in operating the Property or occupying the Property, using such force as may be necessary in so doing. If default shall be made in any covenants, agreements, conditions or undertakings herein contained to be observed and performed by Tenant (other than the obligation to pay rentals or fees), which cannot with due diligence be cured within a period of thirty (30) days, and if notice thereof in writing shall have been given to Tenant, and if Tenant prior to the expiration of said thirty (30) days from and after the giving of such notice, commences to eliminate the cause of such default and proceeds diligently and with reasonable dispatch to take all steps and do all work required to cure such default and thereafter does so cure such default, then City shall not have the right to declare the term of the Lease as ended; however, that the curing of any default in such manner shall not be construed to limit or restrict the right of City to declare this Lease ended and terminated, and to enforce all of City's rights and remedies hereunder for any other default not so cured. Anything herein to the contrary notwithstanding, if this Lease is terminated in accordance with the provisions hereof,

neither party shall have any further rights or obligations hereunder other than Tenants obligation to pay to City rents accrued but unpaid to the date of cessation.

Notwithstanding the foregoing, if Tenant has assigned this lease to the Secretary of Transportation pursuant to the provisions of paragraph 10, below, and has so notified City, then upon an event of default by Tenant under this Lease with respect to which City intends to elect to declare this Lease ended, City shall immediately notify the Secretary of Transportation of such default and its intention to declare this Lease ended, and the Secretary shall have thirty (30) days from its receipt of such notice to assume all of the Tenant's obligations under this Lease and if the Secretary so assumes the Lease, the Lease shall not be ended by reason so such default but shall continue in effect.

8. Maintenance and Housekeeping. Routine maintenance, repairs, replacements, housekeeping and cleanliness of the Property and the Improvements shall be the responsibility of Tenant. City shall be responsible for the structural integrity of the dockwalls and the structural components of the Improvements, except for any damages or repairs caused or necessitated solely by the negligence or willful failure of Tenant or Tenant's employees, subtenants, invitees, licensees, passengers or guests. City retains the right to have any of its officers, agents or employees inspect the Property at all reasonable times and Tenant shall be required to grant full access to the Property at such time.

9. Utilities. City shall install all utilities necessary to provide services to the Terminal and Maintenance Buildings and the costs therefor shall be included in the cost of the Improvements. Tenant shall be solely responsible for the charges for all utility services required by Tenant during the term of this Lease.

10. Assignment and Subleasing. Tenant shall not, except with prior written consent of City, assign any interest in this Lease, nor sublet any portion of the Property; provided that this provision shall not prevent Tenant from entering into subleases or operating agreements within the Terminal for ticket sales, retail sales, concessions, food service, restaurant or other similar operations to the extent consistent with the public trust doctrine and complementary to the Tenant's ferry operation.

Notwithstanding the foregoing, the Tenant may, without the prior written consent of the City, assign all or any portion of its right, title and interest in and to this Lease to the United States of America, represented by the Secretary of Transportation, acting by and through the Maritime Administrator (the "Secretary"), as security for the Secretary's guarantee of the Tenant's loan obligations under Title XI of the Merchant Marine Act, 1936, as amended (46 App. U.S.C. § 1271 *et seq.*), in connection with the construction of a high-speed auto/passenger ferry to be operated from the Property.

11. Indemnification. Tenant hereby agrees to indemnify and save harmless City from and against all liabilities, claims, demands, judgments, losses and all suits at law or in equity, costs and expenses, including reasonable attorney's fees, for injury to and/or death of any person or persons and/or loss and/or damage to the property of any person, firm or corporation whomsoever, including both parties hereto and their employees, arising from the maintenance or operation of the Improvements and Tenants' equipment, or in the carrying on of its business as set forth from and after the Occupancy Date, except when such liability, claim, demand, judgment or loss arises from the negligent or willful failure of the City, its agents, contractors, subcontractors or

employees, to perform a duty owed under the terms of this Lease or otherwise arising by operation of law.

12. Insurance. Tenant will furnish one or more Certificates of Insurance issued by one or more reputable and financially solvent companies admitted or authorized as a surplus lines issuer in the State of Wisconsin, in form reasonably acceptable to City and effective on the Occupancy Date, covering any and all liability for injury or death to persons caused by Tenant's operations, vessels, or by Tenant's employees, agents, contractors or subcontractors as aforesaid in this Lease. Except for the Worker's Compensation policy, such Certificates of Insurance will name both the Board of Harbor Commissioners and the City of Milwaukee as additional insureds. The Certificate shall provide that the company will furnish City with a thirty (30) day written notice of cancellation, non-renewal or material change. The requirements of this clause shall be satisfied by the following forms of coverage having at least the following limits:

<u>Coverage</u>	<u>Amount</u>
– Comprehensive General Liability (including completed operations)	\$1,000,000.00 per occurrence \$5,000,000.00 aggregate
– Worker's Compensation	In accordance with Ch. 102, Wisconsin Statutes
– US Longshoremen's and Harbor Worker's Act coverage	In accordance with Federal statutory requirements
– Protection and Indemnity	\$1,000,000.00 per occurrence \$5,000,000.00 aggregate

The parties agree that the above stated coverage limits will need to be adjusted to accommodate changes in circumstances over the term of this Lease and agree to meet, from time to time, at the request of either party to determine in good faith

appropriate adjustments to such coverage limits. Failure of Tenant to maintain adequate coverage shall not relieve it of any contractual responsibility or obligation under this Lease. City shall have the right to review policies providing required coverages to ensure conformance with the requirements of this paragraph. The attorney in fact or agent of any insurance company furnishing any policy of insurance shall sign and furnish an affidavit setting forth that no City official or employee has any interest, direct or indirect, or is receiving any premium, commission, fee or other thing of value on account of furnishing said policy of insurance. In addition, each person signing this Lease warrants that they have no knowledge or belief that any City official or employee has or has been promised any premium, commission, fee or other thing of value on account of City's entry into this Lease.

13. Taxes. Tenant shall not be obligated to pay property taxes with respect to the Property, the Improvements or any improvements subsequently constructed upon the Property.

14. Status of Improvements. Tenant shall make no substantial improvements upon the Property without the prior written consent of City.

Upon termination of this Lease, Tenant shall, upon notice from the City, be required and obligated to remove from the Property at any time within ninety (90) days after the termination of this Lease, or any renewal or extension thereof, however effected, all buildings, or other improvements and any and all appurtenances thereto brought or placed upon said Property by Tenant. In the event such removals are not completed within said ninety (90) days, City shall have the right to collect damages from Tenant; provided, however, that City may in lieu of removal require Tenant to convey

title to such improvements to the City, free and clear of all liens and encumbrances. Any such election shall be made in writing and communicated to Tenant within fifteen (15) days after termination of the Lease. No such option with respect to election of either to remove or not to remove shall rest with Tenant and Tenant shall have the obligation and responsibility to perform that which City shall direct.

15. Compliance with Laws and Orders. Tenant agrees to observe fully and to comply with any lawful rule, regulation or directive imposing any obligation or responsibility on Tenant as operator of its business or an occupant of the Premises that shall emanate from any state, federal or local departments or agencies having jurisdiction.

16. Environmental Compliance and Obligations.

(A) Compliance with Environmental Regulations. Tenant shall fully comply with all statutes, regulations, or other applicable requirements imposed by any federal, state, or municipal agency with respect to the environmental condition of the Property and/or with respect to any activities or operations that Tenant may conduct upon the Property (hereinafter referred to as "Environmental Requirements"). Tenant shall not cause, permit or suffer the existence or commission by Tenant, its agents, employees, contractors or invitees, or by any other person of any violation of any Environmental Requirements upon, about or beneath the Property or any portion thereof.

(B) Hazardous Material; Environmental Liens. Except to the extent commonly used in the day-to-day operation of the Property and by its vessels, and in strict compliance with all Environmental Requirements (including those relating to storage, use and disposal), Tenant shall not cause, permit or suffer any "hazardous material" or "hazardous substance" (as defined by applicable Federal or State statutes or

regulations) to be brought upon, treated, kept, stored, disposed of, discharged, released, produced, manufactured, generated, refined, or used upon, about, or beneath the Property or any portion thereof by Tenant, its agents, employees, contractors, tenants or invitees, or any other person without the prior written consent of the City. Any request by Tenant for such consent by the City shall be in writing and shall demonstrate to the reasonable satisfaction of the City that such "hazardous material" or "hazardous substances" is necessary to the conduct of the business of Tenant and will be stored, used, and disposed of in a manner that complies with all applicable Environmental Requirements. Tenant shall not create or suffer to exist with respect to the Property any lien, security interest, or other charge or encumbrance of any kind relating to the environmental condition of the Property, including (without limitation) any lien imposed pursuant to Sec. 107(f) of the Superfund Amendments and Reauthorization Act 1986 (42 U.S.C. § 9607(L)) or any similar State Statute.

(C) Obligation to Remediate. Tenant shall, upon demand of the City, and at its sole cost and expense, promptly take all actions to remediate the environmental condition of the Property which may be required by any federal, state or local governmental agency or political subdivision which remediation is necessitated from, or attributable to, (i) the presence upon, about, or beneath the Property of any "hazardous material" or "hazardous substances" or (ii) any violation of Environmental Requirements, if such presence or violation is caused by the activities or operations conducted by the Tenant upon the Property. Tenant agrees to allow entry upon the Property by the City, or agents, contractors or employees of the City for purposes of conducting environmental audits and/or other tests for the purpose of determining the impact of Tenant's presence

and/or activities or operations upon or with respect to the Property upon the environmental condition thereof. In the event that Tenant performs any such environmental audit and/or test on its own behalf, it shall promptly provide to the City full and complete copies of any results and/or reports that are generated in connection with the above activities.

(D) City's Obligations. City warrants and represents to Tenant that, as of the Occupancy Date, there does not exist any condition which gives rise to any obligation, responsibility or liability to Tenant under the above provisions of this paragraph or under the provisions of any of the Environmental Requirements or any condition which with the passage of time will give rise to any such obligation, responsibility or liability to Tenant; and City hereby agrees to indemnify and hold Tenant harmless from and against any loss, cost, damage or liability (including reasonable attorney's fees and litigation costs) arising out of any such obligation, responsibility or liability or any claim by anyone with respect hereto.

(E) Survival of Obligations. Anything herein to the contrary notwithstanding, Tenant's and City's obligations with respect to the environmental condition of the Property (as more fully set forth in subparagraphs (A) through (D) above) shall survive the expiration or termination of this Lease.

17. Time of the Essence. It is expressly understood and agreed to by the parties hereto that time is material and of the essence for each term and provision of this Lease.

18. Waiver. One or more waivers by any party of any covenant or condition of this Lease shall not be construed as a waiver of a subsequent breach of the

same or of any other covenant or condition. The consent or approval given by any party with respect to any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary further consent or approval of any subsequent similar act by such party.

19. Sole Agreement and Amendment. This Lease and the attached exhibits to which reference is made herein contain all of the agreements and covenants made between the parties hereto, shall be binding upon the parties hereto and their respective successors and assigns, and may not be modified orally or in any other manner other than by agreement, in writing, signed by each of the parties to this Lease.

20. Notice. Any notice provided for herein or given pursuant to this Lease, shall be deemed in compliance herewith if in writing and sent by United States certified or registered mail, postage prepaid, return receipt requested, or by personal delivery to the parties as follows:

To the City:

BOARD OF HARBOR COMMISSIONERS
2323 S. Lincoln Memorial Drive
Milwaukee, WI 53207

Attention: Municipal Port Director

To The Tenant:

Lake Express, LLC
700 North Water Street, Suite 1200
Milwaukee, WI 53202
Attention: David J. Lubar, Managing Member

21. Governing Law. This Lease shall be governed by the internal laws of the State of Wisconsin. If any term or provision of this Lease or any exhibits hereto, or the application thereof to any person or circumstance, shall to any extent be declared invalid or unenforceable, then the remainder of this Lease and exhibits, or the application

of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by applicable law.

22. Nondiscrimination. Tenant hereby agrees that in its use of the Property and in its activities undertaken pursuant hereto it shall not discriminate, permit discrimination or restriction on the basis of race, sexual orientation, creed, ethnic origin or identity, color, gender, religion, marital status, age, handicap or national origin.

23. Counterparts. This Lease may be executed in any number of counterparts, each of which shall constitute an original and all of which shall constitute one and the same Lease. The terms "Board of Harbor Commissioner" and "City" whenever used herein shall include the City and the Board of Harbor Commissioners of the City of Milwaukee and/or their successors and assigns in authority, as the context may require.

24. Approval. This Lease does not bind City until it has been submitted to the Common Council of the City of Milwaukee and approved by the Common Council and its execution has been duly authorized.

25. Finance and Delivery of Vessels; Completion of Improvements.

(A) This Lease is executed upon the expectation that Tenant will timely obtain financing of one or two proposed high-speed ferries and will timely execute a binding shipyard contract for vessel construction before June 30, 2003. "Obtain financing" means Tenant's procurement of a signed letter commitment from the U.S. Maritime Administration issued under the Title XI Ship Mortgage Guaranty program, or a signed commitment from a different government or private sector lender, for permanent

(or permanent together with interim construction finance) vessel finance in an amount adequate for vessel construction.

If Tenant does not obtain financing and does not execute a binding shipyard contract by June 30, 2003, then, unless Tenant, before such date gives City assurances of future performance acceptable to City in City's sole and absolute discretion, this Lease shall be null and void and neither party shall have any further rights or obligations hereunder.

(B) City shall be obligated to complete construction of the Improvements in accordance with the plans and specifications agreed upon in accordance with the succeeding paragraph by the later of: (i) twelve months following the date Tenant notifies City that Tenant has obtained financing for the construction of the vessel, has entered into a lease with the City of Muskegon, Michigan and has executed a binding shipyard contract for vessel construction; or (ii) February 28, 2004. The foregoing is subject to reasonable extension for force majeure. In no event shall City be obligated to commence construction of the Improvements until Tenant has obtained financing for the construction of the vessel, has entered into a lease with the City of Muskegon, Michigan, and has entered into a binding shipyard contract for vessel construction.

26. Appropriation of Funds for Facility Improvements. City represents to Tenant that City has appropriated and budgeted the sum of \$2,000,000 to construct the Improvements required under this Lease City and Tenant shall agree upon the final plans and specifications for the Improvements no later than March 31, 2003. If the parties are unable to reach final agreement by such date, then either party shall thereafter have the right to terminate this Lease effective upon delivery of written notice to the other party

and neither party shall have any further rights or obligations hereunder. The parties acknowledge that the final plans and specifications for the Improvements shall be generally consistent with the terms of Exhibit B. City shall be obligated to complete the Improvements in accordance with the agreed upon plans and specifications; but in no event shall the City be obligated to fund more than \$2,000,000 of the cost of the Improvements.

27. Reversion of Property. The proposed site for the ferry terminal is currently owned by the City of Milwaukee but under the jurisdiction of the U.S. Army Corps of Engineers. In the event such property is not reverted to City jurisdiction by no later than March 31, 2003, then City will provide Tenant with another comparable site to the reasonable satisfaction of Tenant. If Tenant rejects such secondary site in Tenant's sole and absolute discretion, then this Lease shall immediately terminate and neither party shall have any further rights or obligations hereunder.

28. Warranty of Authority and Integration. Each person signing this Lease warrants that this is the full, entire and complete agreement between the parties; that the terms of this agreement supersede and nullify any and all prior discussions, negotiations or agreements between the parties and/or any of the parties' respective officers, employees or agents relating in any manner to the subject matter of this Lease (except that certain agreement between the parties dated January 30, 2001, as amended); and that no promise or inducement not expressed in this Lease has been made or exists to cause or influence each such person to execute this Lease. Each person signing this Lease warrants their ability to bind the party on whose behalf each signs. In that regard, Tenant acknowledges that City has no binding obligations under this Lease until upon

execution hereof by the City following the express approval of this Lease by the Board of Harbor Commissioners and by the Common Council of the City of Milwaukee.

29. Damage or Destruction. In case of damage to the Premises (which for purposes of this paragraph shall include destruction of the Premises) by fire, vandalism, malicious mischief or any other casualty, City shall (unless this Lease shall be terminated as provided in subparagraph (A) of this paragraph) diligently proceed to make all the repairs necessary to restore the Premises to the condition in which they existed immediately prior to such damage subject to delays which may arise by reason of adjustment of loss under insurance policies and delays beyond the reasonable control of City.

(A) The City shall have no obligation restore the Premises if (a) the damage occurs within one (1) year of the expiration of whichever of the Initial Lease Term or Option Periods is then in effect and (b) the City notifies Tenant that City does not intend to restore the Premises, whereupon this lease shall terminate as of the date of such damage; provided that, if there could be a subsequent Option Period at the time when the damage occurred and (i) the Tenant has not previously notified the City under paragraph 2 that it does not wish to enter into any extended period, (ii) Tenant notifies the City within sixty (60) days of the City's notice that Tenant elects to extend the lease term into the next Option Period, and (iii) Tenant shall agree that Tenant will not exercise its right to terminate this lease on six months notice under paragraph 2 for at least one year from the date of its notice to City, then this lease shall not terminate but shall be extended through the next Option Period and the City shall be obligated to repair the Premises as provided in this paragraph 29 without regard to this subparagraph (A).

(B) The obligation of City hereunder is limited to only such items of work as City was required to perform before delivery of the Premises to Tenant except as provided above. If at least 40% (by area) of the Terminal Building is rendered untenable, then, unless Tenant has notified the City under (A) above that it elects to extend the lease term into the next option period, Tenant may terminate this Lease. Tenant shall exercise its right to terminate by delivering written notice thereof to City within 60 days of the date of such damage, and this Lease shall terminate as of the date of such damage, the Rent shall be adjusted to the date of such damage and Tenant shall thereupon promptly vacate the Premises.

(C) In the event of any such damage or destruction to the Premises, the rent payable hereunder shall abate to the extent necessary to take into account the effect of such damage or destruction on Tenant's operations under the Lease and thereafter be reduced to the extent necessary to take into account the effect of the post-repair condition of the Premises on the Tenant's operations under the Lease. If City is required to repair the Premises as herein provided and Tenant has not terminated the Lease, Tenant shall, at Tenant's expense, repair or replace Tenant's leasehold improvements, stock in trade, fixtures, furniture, furnishings, inventory, personal property, floor coverings and equipment, and if Tenant has closed, Tenant shall promptly reopen for business.

(D) In the event this Lease is terminated pursuant to this paragraph 29, Tenant shall not have any claim against City for the value of the unexpired portion of the Term and neither party shall have any further rights or obligations hereunder.

30. Eminent Domain.

a. In the event the entire Premises are lawfully condemned or taken in any manner for any public or quasi-public use or purpose, or sold or conveyed in lieu of condemnation, this Lease shall terminate as of the date of such taking or conveyance and neither party shall have any further rights or obligations hereunder.

b. If only a portion of the land leased to Tenant is taken (but no portion of either the Terminal Building or the Maintenance Building), then this Lease shall be adjusted to exclude the land so taken from the Premises; in all other respects this Lease shall remain in full force and effect. If more than 30% of the Terminal Building or more than 50% of the Maintenance Building are taken or if Tenant's operations under the lease are sufficiently compromised so that it cannot operate in a profitable manner, then Tenant may terminate this Lease. If Tenant seeks to terminate this Lease, Tenant must deliver written notice thereof to City within 30 days following the effective date of the taking by or conveyance to the condemning authority and if this Lease is so terminated, neither party shall have any further rights or obligations hereunder. If this Lease is not so terminated, City shall at City's cost and expense make all necessary repairs or alterations to the Terminal Building and/or Maintenance Building such that the remaining Premises constitute a complete architectural unit. To the extent that the total area of either building has been modified, the rental for such building shall be proportionately adjusted. In the event of this lease continues notwithstanding such taking, the rent payable hereunder shall abate to the extent necessary to take into account the effect of such taking on Tenant's operations under the Lease and thereafter be reduced to the extent necessary to take into account the effect of the post-repair condition of the Premises on the Tenant's operations under the Lease

c. All compensation awarded for any such taking, whether in whole or in part of the Premises, shall be the property of City, whether such damages shall be awarded as compensation for diminution in the value of the leasehold or to the fee of the Premises or otherwise, and Tenant hereby assigns to City all of the Tenant's right, title and interest in and to any and all such compensation. Notwithstanding the foregoing, Tenant shall retain its independent right to make a claim against the condemning authority for damages and/or assistance for its relocation expenses.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized officers executed this Lease Agreement under seal as of the day and year first above written.

In the Presence of:

CITY OF MILWAUKEE

John O. Norquist, Mayor

Ronald D. Leonhardt, City Clerk

COUNTERSIGNED:

W. Martin Morics, City Comptroller

In the Presence of:

BOARD OF HARBOR COMMISSIONERS

Daniel J. Steininger, President

Donna Luty, Secretary

In the Presence of:

LAKE EXPRESS, LLC

David J. Lubar, Managing Member

STATE OF WISCONSIN
MILWAUKEE COUNTY

Personally came before me this ____ day of _____, 2002, John O. Norquist, Mayor of the above-named municipal corporation, who by its authority and on its behalf executed the foregoing instrument and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

STATE OF WISCONSIN
MILWAUKEE COUNTY

Personally came before me this ____ day of _____, 2002, _____, the _____ City Clerk of the above-named municipal corporation, who by its authority and on its behalf executed the foregoing instrument and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

STATE OF WISCONSIN
MILWAUKEE COUNTY

Personally came before me this ____ day of _____, 2002, _____, the _____ City Comptroller of the above-named municipal corporation, who by its authority and on its behalf executed the foregoing and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

STATE OF WISCONSIN
MILWAUKEE COUNTY

Personally came before me this ____ day of _____, 2002, Daniel J. Steininger, President, and Deborah Kontowicz, Secretary of the Board of Harbor Commissioners, who by its authority and on its behalf executed the foregoing instrument and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

STATE OF WISCONSIN
MILWAUKEE COUNTY

Personally came before me this ____ day of _____, 2002, David J. Lubar, Managing Member of Lake Express, LLC, who by its authority and on its behalf executed the foregoing instrument and acknowledged the same.

NOTARY PUBLIC, State of Wisconsin
My Commission Expires _____

APPROVED as to Form and Execution this
_____ Day of _____, 2002.

Assistant City Attorney

Exhibit A

PROPERTY LEGAL DESCRIPTION

EXHIBIT B
IMPROVEMENTS

EXHIBIT B
IMPROVEMENTS

At a cost not to exceed two million dollars, City shall construct and/or install following improvements, all compliant with applicable Municipal and State Codes and with the Americans with Disabilities Act and all inclusive of each required permit issued and each required governmental authorization given:

1. Terminal Facility: approximately 6,500 square feet of heated and air-conditioned enclosed space to include passenger waiting area with seating for up to 150; ticketing and passenger/baggage check-in counters and baggage handling area; food and sundries kiosk; auto rental and other ground services separate kiosk/counter; at least one each men's and women's public restrooms; and segregated general office space; all finished ceilings, wall coverings and floors tiled or carpeted; all utility connections for heat, electricity and telecommunications installed; but otherwise unfurnished.
2. Maintenance Building: approximately 1,000 square feet of enclosed space, with cement flooring and no cosmetic ceiling or wall covering finish except to a minimum industrial workspace warehouse standard; all utility connections for heat, electricity and telecommunications installed.
3. Vehicle Staging Area and Short Term Parking Lot: one paved vehicle staging and pre-loading area with lanes at least 2.5 meters in width and sufficient in length to accommodate 50 vehicles of an average length of 5.2 meters. Vehicle staging area will be approximately 58 feet wide and 195 feet long. In addition, there will be one unfenced general short term parking area with at least 100 parking places.
4. Long Term Parking: One long term parking lot with at least 400 parking spaces, located no further than 600 yards from the Terminal Facility.
5. Vehicle Loading Ramp Apparatus: City shall have constructed one vehicle loading ramp engineered to allow two vehicles of a maximum 8,000 pounds each to load to, or discharge from, the vessel simultaneously; and whether loading and/or discharging from the

vessel's bow or stern areas, as the Tenant may on any one occasion desire. City understands that the vessel will not be equipped with its own bow or stern loading ramp systems. Tenant shall provide such vessel design and stability information as City may need to engineer the ramp system and such information shall be provided in sufficient time to allow City to perform the design and engineering obligations related to the vehicle and passenger ramping systems herein described.

6. Passenger Boarding Apparatus: shoreside, a minimum of one ramp, stairway or other accommodation for the embarkation and disembarkation of passengers between the shore and the dockside vehicle deck sideport point of vessel passenger ingress and egress, reflected on the General Arrangement drawing.
7. Engineering Plans and Specifications: No later than sixty (60) days after Tenant having given City written notice that Tenant has received its Letter of Commitment from MARAD, City shall furnish Tenant with one copy of all engineering plans and specifications for the shore facility and the vehicle loading and passenger loading ramps.
8. Exterior Lighting: sufficient installed lighting in and about the vehicle staging area and the general parking area to permit viewing at night time after dusk.
9. Style and Layout Agreement Mechanism: Tenant and City shall meet with City's architect by January 31, 2003 to review and comment upon the proposed design and layout of the terminal building and grounds, including the vehicle staging area. Tenant shall provide final comment upon the design and layout, either in writing or by means of a follow up meeting, by February 14, 2003.
10. City Plan Submissions: City shall by March 31, 2003 submit to Tenant its final proposed plans for the construction and positioning of all improvements. In developing such plans, City shall give due and good faith consideration to Tenant's comments. City shall not propose plans for improvements where any element is materially less favorable to Tenant than Tenant's expressed preference, unless the reasonably foreseeable cost, had the City accommodated the Tenant's preferences without reduction, and otherwise complied with this exhibit, exceeds \$2,000,000.

EXHIBIT C

Schedule of Port Tariffs