



Airport Leasing Procedures

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Leasing Procedures-Signature Page

PROMULGATION PAGE


Tallahassee International Airport
3300 Capital Circle S.W., Suite 1
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The Departmental Procedures for Airport Property Leasing presented herein are consistent with the FAA Airport Compliance Manual - Order 5190.6B. These procedures specifically layout the Airport's adopted best practices for leasing Airport property.

This is the first edition of the Departmental Procedures for Airport Property Leasing adopted by the Airport as of the date set forth below.


David Pollard, C.M.
Director of Aviation

2/20/2020
Effective Date

**TALLAHASSEE INTERNATIONAL AIRPORT
DEPARTMENTAL PROCEDURES FOR
AIRPORT PROPERTY LEASING**

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INTRODUCTION

STATEMENT

The City of Tallahassee ("City") is the legally-designated owner, operator and Sponsor of Tallahassee International Airport ("TLH"). TLH serves as an important economic and transportation asset for the City, the State of Florida, and the Department of Transportation ("DOT"). Day-to-day operations of the Airport are handled by the Director of Aviation, who reports directly to the Deputy City Manager, Citizen Services.

The primary goal for establishing Departmental Procedures for Airport Property Leasing ("Leasing Procedures") at TLH is to ensure that leasing activities for aeronautical and non-aeronautical properties are consistent with Local, State, and Federal requirements including, but not limited to, the policies and rules of the City of Tallahassee ("COT"), Department of Transportation, Federal Aviation Administration ("FAA"), minimum standards and rules and regulations adopted by TLH. These Leasing Procedures should be followed whenever possible; however, the Director of Aviation shall have the authority to change, update and waive any provisions that do not directly benefit the Airport as long as such changes are not in conflict with Federal State or Local regulatory requirements.

A glossary of Terms and Definitions is included as Appendix 1.

PURPOSE

These Leasing Procedures incorporate aviation industry best practices, ensure compliance with governing entities, and establish a comprehensive leasing procedure that governs the Airport's approach to property leasing. As an Airport receiving Federal Airport Improvement Program ("AIP") grant funding, TLH is required to adhere to certain Federal obligations in the conveyance of Federal property for aviation purposes. Once the Airport receives Federal funds to develop or improve the Airport, it is considered a "Federally Obligated Airport", which means the Airport is required to adhere to certain Airport Sponsor Grant Assurances. The intent of these obligations is to ensure that the public interest in civil aviation is adequately served.

Further, airports are obligated to seek recovery of the capital and operating costs of providing a public use airfield and must maintain a fee and rental structure that makes the Airport as financially Self-Sustainable as possible under its particular circumstances. The Leasing Procedures described herein shall be applied to individual Airport Tenants in a uniform manner to the greatest extent possible to ensure the equitable treatment of Airport users.

CONTROLLING DOCUMENTS

Agreements entered into on behalf of the Airport must be consistent with, but not limited to, compliance with the Federal Aviation Administration's Code of Federal Regulations, FAA Airport Compliance Manual - Order 5190.6B, Airport Grant Assurances, Airport Master Plan, Airport Layout Plan, Airport Rules and Regulations, and Minimum Standards for Commercial Aeronautical Activities ("Minimum Standards"), FAA Revenue Use Plan, Disadvantaged Business Enterprise ("DBE") plan, Title VI Program, City of Tallahassee's Real Estate Policy (City Commission Policy No. 136), City of Tallahassee Code, including without limitation, Chapter 17, Article III, and the Airport's Schedule of Rates and Charges, as each exists or as may be amended in the future, and as fully incorporated herein by reference.

GOALS

These procedures are established to:

1. Maximize Airport revenues to ensure the Airport's Self-Sustainability
2. Ensure Federal obligations are met in the use or conveyance of interest of Airport property
3. Ensure City policies and procedures are met in the conveyance of Airport property
4. Protect TLH from uses that are detrimental to its operation, development and future needs
5. Follow standard procedures for responding to entities expressing interest in Airport business
6. Ensure equitable treatment of current and future Tenants and users of the Airport
7. Ensure flexibility to the greatest extent possible to encourage new business
8. Attract private investment and development of Airport facilities and land
9. Mitigate Airport's overall exposure to risk
10. Minimize Airport financial obligations for maintaining facilities and properties

AGREEMENT TYPES

There are two primary types of lease agreements/contracts utilized to authorize use or the conveyance of interest of Airport property. The two primary types of agreements used are Airport Use and Lease Agreements and Airport Use Agreements.

AIRPORT USE AND LEASE AGREEMENTS

Airport Use and Lease Agreements are agreements between the City of Tallahassee and a Lessee for Airport property, land and/or facilities. The Lease and Use Agreement articulates the general terms and conditions, the exact space occupied, rates and

charges, and Aeronautical and/or Non-aeronautical activities authorized.

Approval Process for Airport Use and Lease Agreements:

1. It is the Airport's practice to work with the City's Procurement Department to develop competitive solicitations (i.e., RFPs, RFQs, Bids etc.), in accordance with the City's procurement process to acquire aeronautical and non-aeronautical Tenants.
2. Under limited circumstances, the Director of Aviation in his/her discretion may deem it to be in the best interest of the Airport and City to enter directly into an Airport Use and Lease Agreement in the following situations:
 - a. An Emergency Procurement is required to support an essential aviation function.
 - b. A Sole Source Procurement is required, given only one supplier (source) is capable of delivering a particular product or service.
3. Airport Use and Lease Agreements that do not exceed \$25,000 in total cumulative contract value shall be approved and executed by the Director of Aviation or designee upon approval as to form and content by the City Attorney or designee.
4. Airport Use and Lease Agreements that exceed \$25,000, but are below \$50,000 in total cumulative contract value, shall be approved and executed by the City Manager or designee upon approval as to form and content by the City Attorney or designee.
5. City Commission approval shall be required prior to execution, if the projected cumulative contract value generated exceeds \$50,000 in total cumulative contract value, to include any large-scale development projects.
6. The Aviation Department shall be responsible for obtaining approval of the Agreement from the Department of Risk Management for adequacy of insurance coverage and other provisions needed to protect the City from exposure to risk.
7. All Agreements shall be approved as to form and content by the City Attorney or designee.
8. The Treasurer-Clerk's Office shall be the Attester and Final Signator of the Agreement.
9. The Aviation Department shall submit the original signed Agreement to the Treasurer-Clerk for processing of signatures, public record keeping and entry into OnBase.

AIRPORT USE AGREEMENTS

Airport Use Agreements are standard tri-party agreements between the Airport, a Lessee, and a Sublessee. Such agreements authorize a Tenant to Sublease part or all of their premises to another generally compatible business entity. Lessees are neither permitted to Sublease nor allow their service providers to occupy space without the formal written permission of the Director of Aviation through an Airport Use Agreement. The Airport Use Agreement articulates the general terms and

conditions, the space occupied and Aeronautical and Non-Aeronautical Activities authorized. All Subleases must be pre-approved by the Director of Aviation prior to execution of the Sublease and the Airport Use Agreement. With the exception of T-hangars and Federal government agreements, all Sublessees must sign an Airport Use Agreement authorizing specific Aeronautical and/or Non-Aeronautical Activities prior to conducting those activities at TLH. Signed Subleases must be attached and incorporated into the Airport Use Agreement as a formal exhibit. Use Agreements must hold the Lessee responsible for ensuring the Sublessee's compliance with the terms and conditions of the Airport Use Agreement. The Term of the Sublease may not exceed the Term of the Lease Agreement.

If the Tenant's Airport Use and Lease Agreement contains terms that require them to pay fees that are related to the revenue generated by their facilities or business operation (e.g., percentage rents or related business fees), the Director of Aviation maintains the exclusive right to require a Sublessee to enter into a similar agreement requiring the payment of fees related to the revenues generated by their business operation (e.g., percentage rents or related business fees).

Approval Process for Airport Use Agreements:

1. Airport Use Agreements shall be approved and executed by the Director of Aviation or his/her designee upon approval as to form and content by the City Attorney or his/her designee.
2. The Aviation Department shall be responsible for obtaining approval of the Agreement from the Department of Risk Management for adequacy of insurance coverage and other provisions needed to protect the City from exposure to risk.
3. The Treasurer-Clerk's Office shall be the Attester and final Signator of the Agreement.
4. All Agreements shall be approved as to form and content by the City Attorney or designee.
5. The Aviation Department shall submit the original signed Agreement to the Treasurer- Clerk for processing of signatures, public record keeping and entry into OnBase.

AERONAUTICAL AND NON-AERONAUTICAL AGREEMENTS

Aeronautical Agreements are contracts that contain terms and conditions for Aeronautical Activity providers that involve or are directly related to the operation of aircraft, including activities that make the operation of aircraft possible and safe. Aeronautical Agreements are currently exempt from Real Estate Policy No. 136; therefore, the Director of Aviation has the authority to sign off on those agreements. Non-Aeronautical Agreements are contracts that do not involve or are not directly related to the operation of aircraft. The first step in considering any lease proposal is to review the Airport Layout Plan ("ALP") to determine if the prospective premises is designated for Aeronautical or Non-Aeronautical use. It is important to ensure all agreements are consistent with the ALP designation and that there is no conflict with future Airport plans.

AERONAUTICAL AGREEMENTS

Any individual, partnership, firm, or other entity desiring to initiate any Aeronautical Activity at the Airport must prove they are financially and technically capable and must submit an application, when applicable, in accordance with Section 3, Application to Conduct Commercial Aeronautical Activities, of the Minimum Standards. Aeronautical Airport Use and Lease Agreements must include reference to the applicable Section(s) of the Minimum Standards that identifies the minimum requirements for conducting specified Aeronautical Activities, such as square footage of facilities, parking, insurance and others.

AERONAUTICAL REVENUE

Aeronautical revenue is an important source of Airport revenue; however, Non-aeronautical revenue more critically determines the financial viability of most airports, as these revenue sources tend to generate higher profit margins in comparison with aeronautical activities. Contracts with Aeronautical Activity providers are generally executed with the primary goal of ensuring that the aviation needs are adequately served, with a secondary emphasis on revenue generation. Nonetheless, increasing both sources of revenue plays an important role in reducing airline rates and charges, which stimulates the growth and development of air service.

AERONAUTICAL USE

The Federal Aviation Administration's Airport Sponsor Grant Assurances require that all airports developed with Federal grant assistance funding, such as TLH, to operate for the use and benefit of the public and for the Airport to be made available to all types, kinds, and classes of Aeronautical Activity on fair and reasonable terms and without unjust discrimination. These Grant Assurances require airports to maintain a fee and rental structure for the facilities and services they offer, which will make the airport as Self-Sustainable as possible under the circumstances existing at the airport and to avoid unjust economic discrimination within classes of users, taking into account such factors as the volume of traffic and economy of collection. The Airport may not grant a special privilege or a monopoly to anyone providing aeronautical services on the Airport or engaging in an Aeronautical Use. The intent of this restriction is to promote Aeronautical Activity and protect fair competition at Federally Obligated Airports.

REVIEW PROCESS

The FAA Airport's District Office ("ADO") may review aeronautical agreements, advise the Airport of its Federal obligations and ensure that lease terms do not violate the Airport's Federal obligations. However, the FAA does not review all leases, and there is no requirement for the Airport to obtain FAA approval before entering into an aeronautical lease. The FAA does not approve aeronautical leases and will only indicate whether or not it has an objection to a particular lease agreement. It is the Airport's sole responsibility to ensure that it has not entered into an agreement that would relinquish its capability to control the Airport and prevent the Airport from realizing the full benefits for which it was developed. Further, the FAA does not consider the Self-Sustainable assurance to require airports to charge Fair Market Value ("FMV") rates to Aeronautical Users, but

recommends that rates are fair and equitable and provides the Airport with a reasonable return on the value of its assets.

The type of document or written instrument used to grant airport privileges is the sole responsibility of the Airport. Therefore, City policies and procedures for contract administration will be followed.

RATES AND CHARGES

For facilities that are directly and substantially related to air transportation, regardless of whether the user is a Tenant, Subtenant, or Non-tenant, the Airport must impose nondiscriminatory and substantially comparable rates, fees, rentals, and charges on all users that assume similar obligations, use similar facilities, and make similar use of the Airport. However, individual circumstances may still allow differences in rental rates among aeronautical Tenants, especially when a substantial capital investment is made that will benefit the Airport and its users. Appraisals of Airport property should be conducted in order to determine the base value of Airport assets. The Airport may vary its lease rates depending upon size, amenities, condition, function, location, allowable use and level of improvements to the land and facilities being leased.

Rates and charges will also differ depending on whether or not the lease is a Land Lease or a Building Lease. Land Leases are offered to Lessees who build and finance their own facilities, whereas, Building Leases are offered to operators who lease and occupy Airport-owned facilities and are not servicing debt for the construction of new facilities. Land Leases offer a much lower rate and are generally categorized as “Improved Land” or “Unimproved Land”.

Unless otherwise negotiated, all ground leases with terms of more than 5 years should contain an escalation provision and will be based upon a recognized economic index, such as the Consumer Price Index (“CPI”) or local, state or Federal cost of living indexes.

AERONAUTICAL AGREEMENT TYPES

Aeronautical Agreements include full service Fixed Base Operators (“FBO’s”), Specialized Aeronautical Service Operators (“SASO”), Aircraft Hangar leases, and any other commercial or non-commercial activities that require the use of the airfield. These Aeronautical Activities are authorized via agreements between the City of Tallahassee and the operator through two primary types of agreements: Airport Use and Lease Agreements and Airport Use Agreements.

NON-AERONAUTICAL AGREEMENTS

Any individual, partnership, firm or corporation desiring to initiate any Non-Aeronautical Activity at the Airport must submit a proposal that identifies the scope of services and/or activities to be provided to the public. Non-Aeronautical Uses of Airport property will only be considered when there is not an immediate or near-term Aeronautical need for the property and/or facilities to be occupied, and only if prior concurrence by the ADO is received. Non-Aeronautical Uses of the Airport may only be offered in areas designated for such use on the ALP, unless prior approval to change the designation is sought and

received from the ADO.

NON-AERONAUTICAL REVENUE

Maximizing Non-Aeronautical revenue benefits both the Airport and its Airlines by decreasing the Airport's reliance on airline rates and charges and by strengthening the Airport's ability to attract new air service and passengers. Non-Aeronautical uses of Airport property include Non-Aeronautical businesses such as solar farms, warehouses, distribution centers, light industry and other non-aviation related businesses. Although the Airport has a substantial amount of undeveloped property that may be considered for Non-Aeronautical use, care must be taken to ensure that such developments would not interfere with the long-term aeronautical needs and use of the Airport and must be shown on the ALP set.

NON-AERONAUTICAL USE

The Airport must receive a benefit for the use of its Non-Aeronautical property and the value of that benefit must be equal to or more than the FMV for similar, off-Airport property. Most importantly, Non-Aeronautical Use must not interfere with the aviation use of the Airport and must not jeopardize future Airport development or create or contribute to a flight hazard. Airport resources should not be used to support Non-Aeronautical activities, unless there is a means for the Airport to recover such costs. Further, the Airport should not provide any support services such as lawn care, irrigation, leasehold improvements, maintenance, trash removal, etc. to support Non-Aeronautical Uses of the Airport, unless payment terms have been established. All services supplied by the Airport will be for the total cost incurred, inclusive of allocated personnel costs, plus twenty percent (20%).

REVIEW PROCESS

The ADO must review and concur with all Non-Aeronautical Agreements, advising the Airport of its Federal obligations, and ensuring that lease terms do not violate an Airport's Federal obligations. It is the Airport's sole responsibility to ensure that it has not entered into an agreement that would relinquish its capability to control the Airport and prevent the Airport from realizing the full benefits for which it was developed. The Airport must demonstrate to the ADO that all Aeronautical Uses have been accommodated and that any future Aeronautical Users can be reasonably accommodated prior to entering into a Non-Aeronautical agreement. Further, property and facilities being leased must be designated as "Non-Aeronautical" on the Airport's ALP. Non-Aeronautical Agreements must be interim use, temporary and/or short-term agreements that require the leasehold to revert back to the Airport in the event that it is needed for aeronautical development, as the Airport is obligated to ensure that its facilities, first and foremost, adequately serve the public's interest in Aviation.

The FAA Office of Airports may also approve the Airport's request to use a month-to-month leasing plan for Non-Aeronautical Use of vacant facilities. When there is no current aviation demand for vacant Hangars, the Airport may request FAA approval of a leasing plan for the lease of vacant Hangars for Non-Aeronautical Use on a month-to-month basis. Retaining flexibility and the ability to expeditiously cancel any such lease is essential in the event that an Aeronautical Use arises. Rates and fees for non-

aeronautical leases will be based on FMV of similar short-term storage properties located off-airport or recent formal appraisal completed no more than two years prior to entering into such an agreement.

RATES AND CHARGES

For Non-Aeronautical Tenant's operating businesses that are not directly and substantially related to air transportation, the Airport must charge at or above Fair Market Value ("FMV"). FMV for Airport facilities can be determined by reference to negotiated fees charged for similar uses of the Airport, or by appraisal of comparable properties in order to determine the base value of Airport assets. The Airport may vary its lease rates depending upon size, amenities, condition, function, location, allowable use and level of improvements to the land and facilities being leased.

Rates and charges will also differ depending on whether or not the lease is a Land Lease or a Building Lease. Land Leases are offered to Lessees who build and finance their own facilities, whereas, Building Leases are offered to operators who lease and occupy Airport-owned facilities and are not servicing debt for the construction of new facilities. Land Leases offer a much lower rate and are generally categorized as "Improved Land" or "Unimproved Land".

Unless otherwise negotiated, all ground leases with terms of more than 5 years should contain an escalation provision and will be based upon a recognized economic index, such as the Consumer Price Index ("CPI") or local, state or Federal cost of living indexes.

NON-AERONAUTICAL AGREEMENT TYPES

Non-Aeronautical Agreements include any agreements that do not involve or are not directly related to the operation of aircraft and do not require use of the airfield for commercial or non-commercial activities. Non-Aeronautical Agreements primarily include Non-Aeronautical Airport Use and Lease Agreements and Non-Aeronautical Airport Use Agreements.

Approval Process for Non-Aeronautical Use and Lease Agreements:

- (1) Non-Aeronautical leases must be forwarded to the FAA's ADO office for review and concurrence prior to the City taking any further action to execute.
- (2) The Director of Aviation or designee shall have the authority to approve and execute any and all documents necessary to complete a Non-Aeronautical Lease Agreement for which the total cumulative contract value does not exceed \$25,000.
- (3) The City Manager or designee shall have the authority to approve and execute any and all documents necessary to complete a Non-Aeronautical Lease Agreement for which the total cumulative contract value does not exceed \$50,000 subsequent to the recommendation of the Real Estate Director.
- (4) City Commission approval shall be required prior to execution, if the projected annual revenue generated exceeds \$50,000 in total cumulative contract value.
- (5) The Real Estate Committee, as defined in Real Estate Policy (City Commission Policy No. 136), shall review and evaluate the terms and

conditions of any Non-Aeronautical Lease Agreement for which the amount exceeds the City Manager's authority subsequent to the recommendation of the Real Estate Director. The Aviation Department shall present the agenda item summarizing the agreement to the City Commission for consideration and approval subsequent to recommendation of the Real Estate Director and the review and evaluation of the Real Estate Committee.

- (6) All Agreements shall be approved as to form and content by the City Attorney or designee.
- (7) The Aviation Department shall be responsible for obtaining approval of the Agreement from the Department of Risk Management for adequacy of insurance coverage and other provisions needed to protect the City from exposure to risk.
- (8) The Treasurer-Clerk's Office shall be the Attester and Final Signator of the Agreement.
- (9) The Aviation Department shall submit the original Agreement to the Treasurer- Clerk for processing of signatures, public record keeping and entry into OnBase.

To ensure consistency among Non-Aeronautical Agreements, Attachment B, Checklist for Non-Aeronautical Agreements, should be used as a guide to ensure that certain terms and conditions are not inadvertently omitted from future Agreements.

SOLICITATION

In most cases, TLH will issue a formal competitive solicitation to ensure equitable treatment of prospective Tenants. Under limited circumstances, the Director of Aviation in his/her discretion may deem it to be in the best interest of the Airport and City to enter directly into an Agreement in the following situations:

- a. An Emergency Procurement is required to support an essential aviation function.
- b. A Sole Source Procurement is required, given only one supplier (source) is capable of delivering a particular product or service.

The Airport strives to ensure nondiscrimination on the basis of race, color, sex, sexual orientation, national origin or any other legally protected class in the award and administration of all contracts and leases, and to create a level playing field on which small businesses, including Disadvantaged Business Enterprises (DBE), can compete fairly for leases and construction, procurement and professional service contracts.

To ensure consistency among Airport Use and Lease Agreements, Attachment A, Checklist for Aeronautical Agreements and Attachment B, Checklist for Non-Aeronautical Agreements, should be used as a guide to ensure that essential terms and conditions are included in future Agreements.

PERFORMANCE GUARANTEES

Whenever possible, agreements should require a performance guarantee in an amount

that guarantees performance under the provisions of the Agreement; typically, equal to the greater of an established amount or three months of projected rent. In most cases, signed Agreements will not be executed by the City without an accompanying performance guarantee.

CONSTRUCTION

For projects involving capital improvements, agreements should specify a development schedule for facility construction and improvements. Construction contracts, bonds, permits and insurance must be provided prior to construction commencement. Agreements should stipulate penalties or permit the Airport to take back the premises if a Tenant fails to construct improvements or perform under the terms of the Agreement.

NOMINAL RATE AGREEMENTS

While FAA regulations provide guidance on how Aeronautical and Non-Aeronautical property should ideally be used; there are a few limited exceptions to the general rule. Below are the criteria and circumstances in which Airport property may be leased for nominal amounts:

1. **Property for Community Purposes:**

Property may be made available at less than fair market value on a limited basis provided **all** of the following conditions exist:

- a. The property is not needed for Aeronautical or future Airport Use,
- b. The property is not generating airport revenue and there are no near-term prospects for producing revenue,
- c. The community purpose will not impact/interfere with any Aeronautical Use of the airport,
- d. Allowing the community purpose will maintain or enhance positive community relations in support of the airport,
- e. The proposed community use of the property is consistent with the Airport Layout Plan (ALP), and
- f. The proposed community use is consistent with other requirements, such as certain surplus and non-surplus property Federal obligations requiring the production of revenue by all airport parcels. As special use contracts, the lease Term should not exceed five years.

Acceptable community purpose uses include public parks and recreation facilities, including bike or jogging paths.

2. **Not-for-profit Aviation organizations:**

Property may be made available on a limited basis for less than FMV to Not-for-Profit Aviation Organizations for property that is not generating airport revenue, if there are no near-term prospects for producing revenue as follows:

- g. Reduced rental rates may be charged to aviation museums and

aeronautical secondary and post-secondary education programs conducted by accredited education institutions to the extent that civil aviation receives reasonable tangible or intangible benefits from such use.

- h. An airport may charge nominal rental rates to Civil Air Patrol units operating aircraft at the airport.
- i. The airport may offset the value of any services that police or fire fighting units provide to the airport against the applicable airport fees, as in-kind services. (Note: These units are expected to pay reasonable fees for Aeronautical Use.)
- j. The proposed use is consistent with other requirements, such as certain surplus and non-surplus property Federal obligations requiring the production of revenue by all airport parcels. As special use contracts, the lease Term should not exceed five years.

3. Transit Projects and Systems:

If the Airport owns a transit system and its use is for the transportation of airport passengers, property, employees, and visitors, the Airport may make its property available at less than FMV rent for public transit Terminals, right-of-way, and related facilities without violating the Revenue Use Policy or Self-sustainable requirements.

4. Military aeronautical units:

The Airport may provide facilities to military units with aeronautical missions at nominal lease rates. Examples of such military units are:

Air National Guard,
Army National Guard,
U.S. Air Force Reserve,
U.S. Coast Guard,
U.S. Marine Corp, and
Civil Air Patrol.


These units generally provide services that directly benefit Airport operators and safety. This exception does not apply to military units with no aeronautical mission on the Airport.

The rationale and justification for granting any nominal value lease should be clearly outlined in the lease agreement and/or documented in the lease file.

MONITORING AND COMPLIANCE

Contract monitoring and compliance are key components of lease management and administration. The Airport must ensure that its Tenants are in compliance with the terms and conditions outlined in their contracts. The Airport is responsible for follow up and enforcement of the contractual requirements outlined in the Airport's Leases. The Airport is responsible for implementing, monitoring and compliance strategies to ensure the following:

- a. The development of a lease management system
- b. Maintenance of contract documents and correspondence
- c. Annual and periodic Tenant site visits and Inspections
- d. Monitoring and follow up to ensure timely action on expirations, extensions and other date sensitive requirements (i.e., Insurance renewals, performance bond renewals, capital investment requirements, construction completion requirements, and any rent or lease rate adjustments, etc., to include CPI or other rate adjustment methodologies)
- e. Minimum Annual Guarantee (MAG) Adjustments
- f. Tenant relations and contract negotiations
- g. Follow up contact with Tenants and reminders regarding outstanding contract requirements
- h. Compliance with the Federal Aviation Administration's Code of Federal Regulations, Airport Grant Assurances, Airport Master Plan, FAA Title VI, Airport Layout Plan, Airport Rules and Regulations, and Minimum Standards for Commercial Aeronautical Activities ("Minimum Standards"), FAA Revenue Use Plan, Disadvantaged Business Enterprise ("DBE") plans, City of Tallahassee's Real Estate Policy (City Commission Policy No. 136), City of Tallahassee Code Chapter 17, Article III, and the Airport's Schedule of Rates and Charges, as each exists or as may be amended in the future.



The Airport's Finance and Administration Division is responsible for a variety of contract compliance activities including rent collection, debt collection, Consumer Price Index ("CPI") adjustments, audits and other financial requirements, as outlined in the individual lease agreements. Most importantly, the Finance and Administration Division is responsible for the collection of all revenue due to the Airport and shall attempt to collect past due debts by following the collection procedures established herein. If there is a conflict between the City and Debtor, the agreement shall rule; however, agreements executed after the implementation of these Leasing Procedures, should include language reflecting these Debt Collection Procedures.

PAST DUE ACCOUNTS

Payments not received within thirty (30) days following the stated due date or "Grace Period", are considered Past Due Accounts and shall be subject to applicable interest and penalties immediately following the Grace Period or as otherwise required by the agreement between the City and Debtor. On the first day following the Grace Period, the Airport will forward a Past Due Notice advising the Debtor that the payment is past due and that the amount due will begin accruing interest and penalties, as of the first day following the Grace Period.

PAST DUE NOTICES

At a minimum, Past Due Notices must be sent via e-mail or in writing on the first day following the Grace Period and every 30 days thereafter until the debt plus interest and

penalties has been satisfied. Collection on Past Due Accounts will continue for a period of up to 90 days, at which point the account will be considered Delinquent. Any waiver of interest and penalties required by the Agreement requires written justification of hardship and must be approved in advance by the Director of Aviation. There may be extenuating circumstances, as in the case of Federal Government Agencies, wherein special consideration must be granted. In such circumstances, Past Due Accounts will be reviewed by the Director and interest may be waived if payment arrangements have been made and approved in advance in the sole discretion of the Director of Aviation.

DELINQUENT ACCOUNTS

If payment in full, plus applicable interest and penalties, is not received within 90 days following the due date, the past due receivable shall be deemed a Delinquent Account and a notification of lease default will be issued. All Delinquent Accounts shall be referred to the City Attorney's Office to determine how the debt will be collected, i.e., a debt collection agency or collections bureau etc. At this point any further communication will come from the City Attorney's Office to ensure that appropriate legal procedures are followed to collect the debt. The Airport and City Attorney's Office must consider on a case-by-case basis whether or not agreements for delinquent accounts should be terminated and/or whether or not to pursue legal action such as Eviction proceedings or other legal filings. The Director of Aviation must approve any write-offs of delinquent or uncollectible accounts.

TERM DURATION

Land Leases granted for development projects tend to carry longer lease terms than leases granted for the lease of existing facilities, since Tenants engaged in development projects usually make significant capital investment in Airport facilities that must be amortized over an adequate length of time for the business to be viable. Lease terms typically vary depending upon the level of Capital investment and property use.

LAND LEASES

It is common for a Lease for unimproved land at the Airport to include a requirement that, within a certain time period, the Tenant must construct a specific type of building to accommodate an approved list of services. This timeframe generally depends on the Airport's forecasted needs at the time and the demand for Airport land. Any entity desiring to establish a Lease to engage in any activity, including development projects, at the Airport must do so in accordance with Airport's Minimum Standards and Rules and Regulations, as may be amended by the City. Unless otherwise approved by the Director of Aviation, all Land Lease construction must begin within the first 12 months of lease commencement.

SUGGESTED TERMS FOR DEVELOPMENT PROJECTS

The ability of prospective Tenants to secure adequate funding is a critical issue that can impact the ability of the Airport to attract desirable Tenants and must be considered in any decision regarding Lease duration. Opinions about the needed duration of a Lease that is

required in order to amortize a loan vary. This is because the amount of time required to recoup an investment is dependent on a number of factors that vary from loan to loan and airport to airport. Factors may include, but are not limited to, the construction loan amount, type of service(s) provided, expected useful life of the facility to be constructed, amortization period for the building and the particular circumstances at the airport in terms of activity levels, aircraft operations, sales volume potential and others.

In general, Land Leases should be of sufficient length to permit a Tenant making a substantial Capital Investment to fully amortize the Capital Investment over the Term of the agreement. Equitable Terms will be determined on a case by case basis.

It is the Airport's position that if a desirable prospective Tenant cannot secure funding for its proposed improvements, based upon the Airport's recommended length of Term, that consideration will be given for a longer term as long as it is not substantially different from Terms that have been offered to other similarly situated Tenants, operating similar businesses at similar investment costs. Base Terms for commercial aeronautical development and private hangar development generally do not exceed 35 years and 20 years, respectively. Any lease Term modifications shall be at the discretion of the Director of Aviation.

BUILDING LEASES

Building and Hangar space leased to aviation businesses for the provision of aircraft maintenance, fueling or other services shall be for a lease term commensurate with the level of Capital investment proposed for the facilities being leased. These leases are typically shorter than land leases, and may or may not be renewable, depending on Tenant performance and future Airport plans. In most cases, after the Lease period terminates, the premises will be offered in a competitive solicitation process and the previous Tenant may again compete for the premises along with other potential Tenants.

Facility leases for tie-downs for aircraft, T-hangars and conventional Hangar space both for the storage of aircraft and for the provision of aeronautical services are handled through the Airport's Fixed Based Operator ("FBO") for facilities located on their Premises.

SUBLEASES

SUBLEASE OF LEASED PREMISES

Although the Airport prefers to direct lease most of its property and facilities, due to the size and availability within current facilities, Subleases for portions of facilities to other businesses to provide a more complete set of services are generally acceptable, provided certain criteria are satisfied. All Sublessees are required to enter into an Airport Use Agreement with the Airport that holds the primary Lessee responsible for the Sublessee's compliance with the Lease Agreement, Sublease Agreement and Use Agreement. In general, requests to Sublease are approved by the Director of Aviation, if an Airport Tenant wishes to Sublease space to another business providing complementary services. All

subleases shall be pre-approved by the City prior to execution between the parties and prior to execution of the Airport Use Agreement.

Whether a particular Sublease arrangement will be approved or not largely depends on the situation and the market. Aviation businesses typically operate with very small profit margins; therefore, if space is not needed for the Tenant's own purposes, the ability to get approval for Subleases can be critical to the operator's financial well-being. In addition, there are many small and specialized operators that could not afford the cost to develop their own facilities, but may be in the market to Sublease small amounts of space from a larger Tenant. This type of Sublease will be reviewed on a case-by-case basis and granted as long as the business subleasing space agrees to comply with the Airport's Rules and Regulations and Minimum Standards and has obtained all relevant licenses, permits and insurance.

SUBLEASE OF ENTIRE PREMISES

Subleases of entire commercial aeronautical facilities or assignments of an entire commercial aeronautical facility (generally to a successor in interest such as a merger partner or someone buying the business) are generally appropriate, with written approval from the Director of Aviation, if the entire leasehold is transferred to a merger partner or someone buying the business. This allows the Airport to maintain the range of services that was previously available on the Airport and maintain its attractiveness to other Tenants. This type of Sublease is; therefore, generally granted as long as the business Subleasing space is financially able to do so and agrees to comply with the Minimum Standards that apply to the specific type of service to be provided and has obtained all relevant licenses, permits and insurance. Subleases of this type also require the Sublessee to enter into an Airport Use Agreement with the Airport that holds the Lessee responsible for the Sublessee's compliance with the Lease Agreement, Sublease Agreement and Use Agreement.

T-HANGAR SUBLEASES

Subleases for T-hangars or private aircraft storage are handled directly through the Airport's FBO Tenant, given the T-hangar facility was originally constructed by the Tenant on its Premises. With the exception of the T-hangar leases and Federal government agreements, all other Subleases require the Director of Aviation's approval. Since T-Hangar Subleases are handled directly by Airport Tenants, an Airport Use Agreement is not required. The Airport shall be provided with a copy of any T-hangar agreement on file for reference and requires that Tenants subleasing T-hangars to provide a list of the names of all T-hangar Sublessees, annually, at a minimum, or upon request.

ASSIGNMENT & TRANSFER

ASSIGNMENTS

Tenants shall not be permitted to sublet, assign, or transfer all or any portion of their rights under an agreement, without the prior written consent of the Director of Aviation. The

Director of Aviation in his/her sole discretion has the authority to approve or disapprove of assignments.

The Airport may require a lease assignment or transfer fee of two percent (2%) of the gross selling or transfer price or two percent (2%) of the appraised fair market value, whichever is greater, to be paid to the City in conjunction with any lease transfer or assignment. A transfer shall be construed as any transaction involving twenty-five percent (25%) or more of the stock or ownership interest in the leasehold entity.

SUMMARY

TLH plays a vital role in the transportation of passengers and cargo in regional, national and international commerce. Accordingly, TLH strives to be as Self-Sustainable as possible and thus, well-structured lease agreements are essential to the Airport's success. The Airport must ensure that it structures lease agreements to protect current and future interests and generate sufficient revenue to operate the Airport. To ensure Self-Sustainability and retain flexibility with Tenants, lease agreements may take on various forms and include differing stipulations based upon the function, location, and types of Tenants involved. Many leases will be unique in their development and execution while others will adhere to specific standards identified in these leasing procedures. Regardless, ensuring a uniform approach and rationale to such decision-making is essential. Existing and prospective Tenants should be treated equitably; however, some variations may be expected depending on individual circumstances. In such cases, the Airport must decide whether the circumstances of a particular lease arrangement are unique enough to deviate from standard terms and contract language or whether doing so would represent a substantial deviation from its approach and/or possibly violate FAA Grant Assurances.

As such, the Director of Aviation, in his or her sole discretion, has the right to waive any standards contained herein if such action benefits the City/Airport and does not violate City, State or Federal policy. In all respects, these standards are subject and subordinate to Federal regulations, as currently exists or as may be amended in the future.

APPENDIX 1

DEPARTMENTAL PROCEDURES FOR AIRPORT PROPERTY LEASING

Terms & Definitions

Aeronautical Activity or Use	Any activity which involves, makes possible, or is required for the operation of aircraft or which contributes to, or is required for, the safety of such operations and shall include, all activities commonly conducted at Airports.
Aeronautical Agreements	Agreements that contain terms and conditions for Aeronautical Activity providers that involve or are directly related to the operation of aircraft, including activities that make the operation of aircraft possible and safe.
Airport	The Tallahassee International Airport, owned and operated by City, including all real property easements or any other interest therein as well as all improvements and appurtenances thereto, structures, buildings, fixtures, and all tangible personal property or interest in any of the foregoing, now or hereafter owned, leased, or operated by City.
Airports District Office (“ADO”)- Tallahassee	FAA Southern Region, Orlando Airports District Office, ORL-ADO, SouthPark Building, 8427 South Park Circle, 5 th Floor, Orlando, FL 32819.
Airport Improvement Program (“AIP”)	FAA program that provides grants to public agencies and, in some cases, to private owners and entities for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS).
Airport Layout Plan (“ALP”)	A scaled drawing of the existing and planned land and facilities necessary for the development and operation of an airport that are used for planning, verifying airport data, obstruction evaluation, and project coordination.
Airport Master Plan	The planning document that sets forth the concept for the long-term development of the Airport, providing guidelines for future Airport development sufficient to satisfy aviation demand in a financially feasible manner, addressing the aviation, environmental and socio-economic issues existing in the community.
Airport Sponsor	An Airport owner, such as the City, that has accepted Airport Improvement Program (“AIP”) funding.
Airport Sponsor Grant Assurances (“Grant Assurances”)	The obligations that the Airport agrees to when it accepts Airport Improvement Program (“AIP”) grant funding for the planning and development of the Airport.
Airport Tenant or Tenant	Any person, leasing property or facilities at the Airport under a valid Lease.

Airport Use Agreement	Non-revenue generating tri-party Agreements between the Airport, a Lessee and a Sublessee.
Airport Use and Lease Agreement	Airport Use and Lease Agreements are standard agreements between the City of Tallahassee and a Lessee for Airport property and/or facilities outside the terminal building.
As-Built Drawings	A revised set of drawings submitted by a contractor upon completion of a project or a particular job. They reflect all changes made in the specifications and working drawings during the construction process, and show the exact dimensions, geometry, and location of all elements of the work completed under a contract.
Attestor	One who bears witness to; certify; declare to be correct, true, or genuine; declare the truth of, in words or writing, affirming in an official capacity.
Aviation Department	The City of Tallahassee department that manages the daily operations of the Tallahassee International Airport.
As-Built Drawings	A revised set of drawings submitted by a contractor upon completion of a project or a particular job. They reflect all changes made in the specifications and working drawings during the construction process, and show the exact dimensions, geometry, and location of all elements of the work completed under a contract.
Capital Investment or Improvements	The improvements, structures and fixtures installed by a Tenant including, without limitation, finish-out work on floors, ceilings, demising walls and store facades; storefront signage; panel boxes and hook-ups to utilities; wires and conduits infrastructure; decorations; furniture; equipment; shelves; counters; cash wraps; lighting; and interior design and construction work necessary in general to accommodate Tenant Operations.
City Attorney's Office	The appointed official providing legal counsel and representation to the City.
City Manager	The appointed official who directs the administration of the City of Tallahassee.
City of Tallahassee ("City")	The Airport Sponsor and governmental entity possessing ownership, custody, control and management of the Tallahassee International Airport, located in Leon County, state of Florida.
Civil Air Patrol	A congressionally chartered, federally supported non-profit corporation that serves as the official civilian auxiliary of the United States Air Force (USAF), performing emergency services such as assisting the USAF on search missions, and offering aerospace-education and youth programs: founded 1941.
Consumer Price Index ("CPI")	A program that produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

	The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically. The CPI is commonly used as an index for adjusting lease rates and charges.
Debtor	A person, business or Tenant owing a sum of money to the City for the rights and privileges granted via its agreement with the City.
Delinquent Account	Any account that is past due by ninety (90) days or more.
Department of Risk Management	The City of Tallahassee Department responsible for the planning, development and coordination of all activities related to risk and insurance management.
Department of Transportation (“DOT”)	The Federal agency that coordinates the planning and development of a safe, viable, and balanced state transportation system serving all regions of the state to assure the compatibility of all components, including multimodal facilities.
Director of Aviation	The Director of Aviation shall mean the person or persons as may from time to time be authorized in writing by City or by the Director of Aviation or applicable law to act for the Director of Aviation with respect to any or all matters pertaining to Airport administration.
Disadvantaged Business Enterprise (“DBE”)	A for-profit small business concern where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations.
FAA Office of Airports	The airport organization responsible for all programs related to airport safety and inspections and standards for airport design, construction, and operation (including international harmonization of airport standards) and is also responsible for national airport planning and environmental and social requirements and establishes policies related to airport rates and charges, compliance with grant assurances, and airport privatization.
Fair Market Value (“FMV”)	An estimate of the market value of a property, based on what a knowledgeable, willing, and unpressured buyer would probably pay to a knowledgeable, willing, and unpressured seller in the market. An estimate of fair market value may be founded either on precedent or extrapolation. This also includes an estimate of fair market rent.
Federal Aviation Administration (“FAA”)	The Federal Aviation Administration of the United States is a national authority with powers to regulate all aspects of civil aviation. These include the construction and operation of airports, the management of air traffic, the certification of personnel and aircraft, and the protection of US assets during the launch or reentry of commercial space vehicles.
Fixed Based Operator (“FBO”)	A commercial business granted the right by an

	airport to operate on the airport and provide aeronautical services such as fueling, hangar leasing, tie-downs and parking, aircraft rentals, aircraft maintenance, flight instruction and other aviation-related services.
Grace Period	Fifteen (15) days following the stated payment due date identified in an agreement.
Hangar	A large building with extensive floor area used for storing and maintaining aircraft.
Invitation for Bid (“IFB”)	A competitive solicitation released by the City’s Procurement Services Department to invite providers to submit a fee proposal for a specific project or service to be furnished.
Lease	A contract between the City and a Tenant for the use of property and facilities for specified activities in exchange for periodic payment.
Leasing Procedures	A procedures document that outlines best practices for leasing property at the Tallahassee International Airport.
Lessee	A Tenant leasing property and facilities from the City.
Minimum Standards for Airport Aeronautical Service and Aeronautical Activity Providers (“Minimum Standards”)	The qualifications and criteria that have been established by City as minimum requirements that must be met as a condition for the right to conduct a commercial Aeronautical Activity on the Airport, as now exists or as may be amended in the future.
Non-Aeronautical Activity or Use	All activities that do not involve or are not directly related to the operation of aircraft.
Obligated Airport	Any public airport having signed grant assurances/agreements to receive Airport Improvement Program funding from the Federal Aviation Administration.
OnBase	This City’s document management system used for filing and storing eligible records, including City contracts.
Past Due Notice	A notice sent via e-mail or in writing providing notice to a Debtor that is sent on the first day following the Grace Period and every 30 days, following until the debt plus interest and penalties has been satisfied for a period of up to 90 days at which point the debt will be turned over to the City Attorney’s Office for collection.
Premises	A Tenant’s occupied land and facilities or portion thereof along with improvements used to carry out business activities, as identified in the Tenant’s Lease with City.
Real Estate Management	The City Department responsible for all City real estate acquisitions and sales, easements, cemetery operations, property management, parking garages and real estate inventory.
Request for Proposal (“RFP”)	A competitive solicitation released by the City’s Procurement Services Department to encourage providers of a particular service or asset to submit business proposals, including a technical proposal

	and a fee proposal.
Revenue Use Policy	Policies and procedures established within the Federal Register concerning the use of Airport revenue.
Signator	An authorized representative who signs or joins in signing the Lease.
Signatory Airline	An airline that has signed an agreement to provide air service for a 5-year term, leasing at least the minimum amount of space required, as outlined in the Airline-Airport Use and Lease Agreement, as currently exists or as may be amended in the future.
Specialized Aeronautical Service Operators (“SASO”)	A single service provider or specialized commercial aeronautical service provider performing less than the full services for an FBO.
Airport Sponsor	The entity that is legally responsible for the management and operation of an airport, including the fulfillment of the requirements of laws and regulations related thereto.
Sublease	A contract used by an existing Tenant to lease a portion or all of the land, building and/or facilities leased from the Airport to another entity under specified terms and conditions.
Self-Sustainable	The Airport maintains rates, charges and fees that conform with the grant assurances and ensure the Airport’s financial solvency without reliance on outside funding.
Subtenant	A person occupying Airport property under a sublease with an existing Tenant.
T-hangar	An enclosed metal structure designed to hold aircraft in protective storage, primarily used for private aircraft
Tenant	A person occupying Airport property under a direct lease with the City.
Term	A fixed or limited period of time for which contract terms and conditions are applicable.
Terminal	The passenger terminal building and associated curbside entrance areas and adjoining landscaped areas located within the real property of the Airport.
Treasurer-Clerk’s Office	The appointed official responsible for collecting, depositing, safeguarding, and investing all monies belonging to the City including utility revenues, fines, fees, taxes, and other miscellaneous revenues, also serving as Attestor, Public Record Keeper and Final Signator on City contracts.

Attachment A- Checklist for Aeronautical Agreements

SOLICITATION

- When property and/or facilities become available, the City may issue a targeted competitive procurement process for specific services or facilities that are consistent with the most current demand forecast, Airport Master Plan and Layout Plan (“ALP”).
- The City maintains the right, but not the duty, to seek competitive proposals for all aeronautical services contemplated at the Airport.
- Any RFPs, Invitations for Bids (“IFBs”) and other types of solicitations will be released by the City’s Procurement Department and shall be reviewed, evaluated and awarded in accordance with the City’s Procurement Policies.
- The Airport may choose to directly negotiate an agreement to bring specified aeronautical services to the Airport (described/offered through a document such as the Airport Master Plan or ALP) that ultimately benefits the aviation community and the City.
- The Airport may renegotiate an existing Agreement and Term when the incumbent Tenant plans to make or has made a considerable, recent, unamortized capital investment in the facilities that ultimately benefits the aviation community and the City.
- Prior to issuing a competitive solicitation for aeronautical providers, the Airport should review the provisions of such agreements in place at other airports, including comparable airports, to determine industry standards, best practices and market rates.
- Competitive solicitations should include minimum qualifications to ensure a level of experience, capability, or business volume is used as a threshold for consideration in the acceptance of bids or proposals.
- Businesses expressing interest in a particular business opportunity or parcel of land should be included on a notice list provided to Procurement to ensure competition among interested and qualified providers.
- Advertisements should be placed in the local paper and in airport trade publications, websites and newsletters to increase awareness of business opportunities.
- The Airport may use a real estate marketing firm to promote business opportunities or market specified parcels of land to prospective developers.

PREMISES

- Property and facilities should be offered in “as is” condition.
- Agreements should include a clearly defined drawing, legal description of metes and bounds, or a reference a specific location on the ALP.
- For the most part, property designated as “Aeronautical” on the Airport’s ALP should be used only for Aeronautical purposes. Incidental Non-Aeronautical Use on an interim basis of aeronautically designated property may be acceptable; however, such use must be approved by the Federal Aviation Administration’s (“FAA”) Airports District Office (“ADO”) in advance.
- The premises should only include the land and/or facilities that the aeronautical Tenant or Subtenant can reasonably use.
- The Agreement should specify improvements to be made by the operator/

- developer along with improvements to be made by the Airport, if any.
- A provision for expansion and contraction and/or relocation, at the Airport's discretion, should be included whenever possible.
- Agreements should not include options or rights of first refusal for other Airport property and/or facilities that the operator will not immediately require.
- Agreements should not grant a right of first refusal that would allow a Tenant to control a majority or all aeronautical property on the Airport that can be developed.
- Lessees providing Hangar space for private and corporate aircraft storage may do so without the written consent of the City; however, the Airport shall require and maintain a current list of all T-hangar Tenants along with a current copy of the current T-hangar agreement being used every six (6) months or upon request.

RIGHTS & OBLIGATIONS

- Agreements should not grant an explicit or implied exclusive right to conduct a particular business or activity at the Airport.
- Agreements should include a detailed scope of services identifying the type(s) of aeronautical services authorized and reference the Section(s) of the Minimum Standards that are applicable to the authorized activities.
- Scope of services should match the facilities specifications outlined in the Minimum Standards and should be reflective of the Tenant's comprehensive and ancillary needs to conduct the specified aeronautical activities.
- Agreements should require adherence to the Airport's Security Program, Minimum Standards and Airport Rules and Regulations, as exists or as may be amended in the future.
- Agreements should require that any uses not explicitly authorized in the Agreement require the prior written approval of the Director of Aviation.
- Agreements should articulate the requirement to adhere to applicable local ordinances, building codes, fire codes, etc.
- Agreements should adequately include language requiring compliance with 49 CFR Part 26, Disadvantaged Business Enterprise ("DBE") regulations, when Federal funding is used for development projects.
- Tenant improvements should be subject to review through 14 CFR Part 77, Safe, Efficient Use, and Preservation of the Navigable Airspace, and should not interfere with the taking off and landing of aircraft.
- Tenant must complete the Notice of Proposed Construction or Alteration, FAA Form 7460-1 within 5 days of initial notice to the FAA.
- Include Federal Contract Provision Guidelines:
https://www.faa.gov/airports/aip/procurement/federal_contract_provisions/media/combined-federal-contract-provisions.pdf complete

TERM

- The Term for existing facilities requiring no capital investment should not exceed five (5) years unless special circumstances exist and FAA concurrence is sought and received.
- The Term should not exceed a period that is reasonably necessary to

- amortize a Tenant's capital investment in the facilities.
- Terms exceeding 30 years should be submitted to the FAA for review and concurrence.
- Lease Terms that exceed 50 years are generally not accepted by the FAA as per FAA Order 5190.6B, 12.3(b)(3).
- On a case by case basis, the City may consider a longer term to support Airport property development (assuming FAA approval) and to allow for the amortization of an investment based on the following criteria:
 1. Significant initial capital investment requiring longer amortization schedule.
 2. Significant additional capital investment in current Leasehold Improvements.
 3. Business activities provide needed services to other Airport Tenants and users.
 4. Significant job creation.
 5. Public infrastructure extension which will benefit other parcels (e.g., roads, water, sewer).
 6. Increases potential to attract other new aviation businesses.
- Airport should control the right to exercise any options or must consent to requests to extend; in some cases, a mutual option to extend may be considered.
- The Airport should include a Termination for Convenience clause whenever possible.
- If an extension option is automatic or controlled by the Tenant, the FAA considers the extension option to be a part of the original term.
- Renewal options shall be granted based upon a review of Lessee's performance and shall only be exercised given compliance with all terms and conditions of the lease and a determination that the structural integrity, safety, and appearance of the facilities meet City standards and will likely continue to satisfy City standards for the extension period.

PAYMENT OF FEES

- All ground leases with terms of more than 5 years should contain an escalation provision and will be based upon a recognized economic index, such as the Consumer Price Index ("CPI") or local, state or Federal cost of living indexes.
- Rental rates for Airport land and/or facilities for aeronautical purposes must be reasonable and not unjustly discriminatory.
- Rates should be determined by independent appraisal(s) and/or by direct comparison with the prevailing rental rate of comparable property for similar uses of the Airport.
- Rates may be set differently for individual Tenants based on the following rationale:
 1. The value of property to be leased
 2. The amount and kind of the Tenant's investment
 3. The value of the business opportunity (for those providing services to the public)
 4. The amount of use projected of common facilities
 5. The type of use being conducted

6. The degree of competition for the facility being leased
 7. The location, visibility and access to the runway
- Agreements that contain nominal lease rates must include the rationale and justification for leasing those properties for nominal rates or justification must be documented in the lease file when appropriate.
 - Nominal lease rates must be consistent with FAA guidelines for such leases, as more fully set forth herein and in Section VII.F of the FAA's Revenue Use Policy.

TITLE

- The title to any Tenant constructed facilities or improvements on Airport property should vest with the City at the expiration or other termination of the lease.
- The Director of Aviation must approve all design and construction plans in advance and in writing.
- Tenants must provide complete As-Built Drawings in Computer-Aided Design ("CAD") file format and/or electronic GIS format upon construction completion.
- Tenant Capital Investments must be documented in the lease file in accordance with the Lease Agreement. Lessees shall provide the City with a certified statement setting forth the total cost for all construction projects.
- The Airport should retain the right to require removal of any improvements that will not be needed or will exceed their useful life at the end of the agreement or once the title of facilities vests in the Airport.
- Unless otherwise agreed to by the parties, trade fixtures, supplies, products, and personal property, which have not assumed the nature of leasehold improvements or fixtures to real property may be removed by Tenants at the expiration of the Lease.

SUBORDINATION

- Agreements should be subordinate to the Airport's Federal obligations and any existing or future agreements the City may enter into with the Federal government.
- Agreements should be subordinate to the rights of the United States of America to operate the Airport or any part thereof during time of war or national emergency. Such rights shall supersede any provisions in any Agreement inconsistent with the operations of the Airport by the United States of America.

ASSIGNMENT & SUBLETTING

- Airport should retain the right to approve in advance any assignment, sale, transfer or Sublease by the Tenant of its leasehold interest.
- Airport may require a lease assignment or transfer fee of two percent (2%) of the gross selling or transfer price or two percent (2%) of the appraised fair market value, whichever is greater, to be paid to the City in conjunction with any lease transfer or assignment.
- A transfer shall be construed as any transaction involving twenty-five

- percent (25%) or more of the stock or ownership interest in the leasehold entity.
- Subleases must be pre-approved by the Director of Aviation prior to execution of the Sublease and the Airport Use Agreement, authorizing the Sublease.
 - Executed Subleases must be incorporated into the authorizing Use Agreement as an Exhibit.

FAA OPINION ON REVIEW

- FAA's interest in the Airport's leases is confined to the lease's impact on the Airport's Federal obligations.
- The Airport should not construe the FAA's acceptance of a lease as an endorsement of the entire document.
- The ADO or Regional Airports Division reviews a lease and determines it does not appear to violate any Federal compliance obligations.
- The ADO will advise the Airport that the FAA has no objection to the agreement; the FAA does not approve leases, nor does it endorse or become a party to Tenant lease or use agreements.

MAINTENANCE

- Maintenance obligations should be clearly defined for each party to the agreement.
- Maintenance support services of any kind should not be performed by the Airport, unless there is a means for the Airport to recover such costs.
- The Airport should ensure that pest control is solely the Tenant's responsibility.
- Agreements should include the Airport's right to enter into facilities to perform maintenance and repairs, for emergency access and for inspection of the facilities.
- Agreements should specify that any improvements not contemplated in the original Agreement should be submitted to the Airport via its Change Request (TRAC-R) Form for review and consideration; approval/disapproval should be rendered within 30 days of receipt.

LEASEHOLD MORTGAGE

- The right to mortgage the lease should be limited to the leasehold rights and should explicitly prohibit the mortgaging of any Airport property.

BREACH

- Agreements must identify what constitutes a breach and provide parties with an opportunity to cure, and provide the Airport with the explicit ability to terminate the lease for uncured breaches.

INSURANCE

- Agreements will contain insurance provisions for the types and amounts of insurance coverages outlined in the Minimum Standards and as approved by the City's Risk Manager.
- Signed Agreements will not be executed by the City without the accompanying insurance certificates evidencing required levels of coverage.
- Agreements shall also meet all state of Florida insurance requirements.

PERFORMANCE GUARANTEE

- Agreements require a performance guarantee in an amount that guarantees performance under the provisions of the agreement; typically, equal to the greater of an established amount or three months of projected rent.
- Signed Agreements will not be executed by the City without the accompanying performance guarantee.
- Agreements should specify a development schedule for facility construction and improvements.
- Construction contracts, bonds, permits and insurance must be provided prior to construction commencement.
- Agreements should stipulate penalties or permit the Airport to take back the premises if the Tenant fails to construct improvements or perform under the terms of the Agreement.

NONDISCRIMINATION CLAUSE

- Agreements must ensure that the Tenant, personal representatives, successors in interest, and assigns covenants and agrees that:
 1. No person on the grounds of race, color, national origin or any other legally protected class shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities being leased,
 2. In the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, national origin, or any other legally protected class shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, and
 3. That the Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, as currently exists or as may be amended in the future.
- Agreement should include that in the event of breach of any of the above nondiscrimination covenants, the Airport shall have the right to terminate the lease and reclaim its facilities and/or property.

PROHIBITION AGAINST EXCLUSIVE RIGHTS

- Aeronautical Agreements shall not grant power, privilege, or other rights excluding or debarring another from enjoying or exercising a like power, privilege or right, as it limits the usefulness of the Airport and deprives the public of the benefits of competitive enterprise.
- Prohibition against exclusive rights does not apply to the Airport; Airport may elect to provide any or all of the aeronautical services at its Airport, and to be the exclusive provider of those services.
- The Airport can deny an individual or prospective aeronautical service provider the right to engage in an on-site Aeronautical Activity for reasons of safety and efficiency if the kind of activity (e.g., skydiving, sailplanes, ultralights) would adversely impact the safety and efficiency of another Aeronautical Activity at the Airport.

Attachment B- Checklist for Non-Aeronautical Agreements

Checklist Review for Non-Aeronautical Agreements:

SOLICITATION

- When property and/or facilities become available, the City may issue a targeted competitive procurement process for specific services or space that are consistent with the most current demand forecast, Airport Master Plan and Layout Plan (“ALP”).
- The City maintains the right, but not the duty, to seek competitive proposals for all Non-Aeronautical services contemplated at the Airport.
- Any RFPs, Invitations for Bids (“IFBs”) and other types of solicitations will be released by the City’s Procurement Department and shall be reviewed, evaluated and awarded in accordance with the City’s Procurement Policies.
- The Airport may choose to directly negotiate an agreement to bring specified Non-aeronautical services to the Airport (described/offered through a document such as the Airport Master Plan or ALP) that ultimately benefits the aviation community and the City.
- The Airport may renegotiate an existing Agreement and Term when the incumbent Tenant plans to make or has made a considerable, recent, unamortized capital investment in the facilities that ultimately benefits the aviation community and the City.
- Prior to issuing a competitive solicitation for Non-Aeronautical providers, the Airport should review the provisions of such agreements in place at other airports, including comparable airports, to determine industry standards, best practices and market rates.
- Competitive solicitations should include minimum qualifications to ensure a level of experience, capability, or business volume is used as a threshold for consideration in the acceptance of bids or proposals. The City retains the right to reject any and all proposals and bear no responsibility for the cost to prepare proposals or bids.
- Businesses expressing interest in a particular business opportunity or parcel of land should be included on a notice list provided to Procurement to ensure competition among interested and qualified providers.
- Notice of the competitive solicitation should be well advertised including, without limitation, the local paper, airport trade publications, websites and newsletters to increase awareness of business opportunities.
- The Airport may use a real estate marketing firm to promote business opportunities or market specified parcels of land to prospective developers.

PREMISES

- Property and facilities are offered in “as is” condition.
- Agreements should include a clearly defined drawing, legal description of metes and bounds, or reference a specific location on the ALP.
- Non-Aeronautical development projects should represent the highest-and-best use of the property, as described in the Airport Master Plan for specified parcels.
- Agreements should only include the land and/or facilities that the Tenant or

- Subtenant can reasonably use.
- The Agreement should specify improvements that will be made by the operator/developer along with improvements to be made by the Airport, if any.
 - A provision for expansion and contraction and/or relocation, at the Airport's discretion, should be included whenever possible.
 - Agreements should not include options or rights of first refusal for other airport property and/or facilities that the operator will not immediately require.
 - Activities should be limited to ensure there are no negative impacts to the Airport and its aeronautical Tenants' operations.
 - Only property that is not needed for Aeronautical Uses should be leased for non-aeronautical purposes.
 - For the most part, property designated as "Aeronautical" on the Airport's ALP should be used only for Aeronautical purposes; incidental Non-Aeronautical use on an interim basis of aeronautically designated property may be acceptable; however, such use must receive prior concurrence from the Federal Aviation Administration's ("FAA") Airports District Office ("ADO").
 - Non-Aeronautical activities should be compatible with and not conflict with aeronautical operations at the Airport.

RIGHTS & OBLIGATIONS

- Agreements should not grant an explicit or implied exclusive right to conduct a particular business or activity at the Airport.
- Agreements should include a detailed scope of services identifying the type(s) of Non-Aeronautical services authorized.
- Agreements should require adherence to the Airport's Security Program, Minimum Standards and Airport Rules and Regulations, as exists or as may be amended in the future.
- Leases should require any uses not explicitly authorized in the Agreement to require the prior written approval of the Director of Aviation.
- Lessees should be required to adhere to applicable local ordinances, building codes, fire codes, etc.
- Agreements should include a minority business enterprise goal, depending on the type of funding that is being used to develop the facilities.
- Minority enterprise outreach to local community to increase participation by small, minority and women-owned businesses must take place prior to issuing an RFP or Bid to ensure inclusion.
- Agreements must contain an escape clause, requiring Non-Aeronautical Tenants to vacate the premises on 30 days' notice upon receipt of such request by a prospective aeronautical Tenant interested in providing authorized aeronautical activities.
- Tenant improvements should be subject to review through 14 CFR Part 77, Safe, Efficient Use, and Preservation of the Navigable Airspace, and should not interfere with the taking off and landing of aircraft.
- Tenant must complete the Notice of Proposed Construction or Alteration, FAA Form 7460-1 within 5 days of initial notice to the FAA.
- Include Federal Contract Provision Guidelines:

TERM

- The Term for the lease of existing facilities, requiring no capital investment, should not exceed a five (5) year term.
- Temporary Non-Aeronautical Use of aeronautically designated property (if approved by the FAA) should be interim, preferably on a month-to-month basis.
- The Term for Non-Aeronautical Use of Non-Aeronautically designated property should not exceed a period that is reasonably necessary to amortize a Tenant's capital investment and provide a reasonable return on investment for facilities or space within the Terminal building.
- Terms exceeding 30 years should be submitted to the FAA for review and approval.
- On a case by case basis, the City may consider a longer term to support Airport property development (assuming FAA approval) and to allow for the amortization of an investment based on the following criteria:
 1. Significant initial capital investment requiring longer amortization schedule.
 2. Significant additional capital investment in current Leasehold Improvements.
 3. Business activities provide needed services to other Airport Tenants and users.
 4. Significant job creation.
 5. Public infrastructure extension which will benefit other parcels (e.g., roads, water, sewer).
 6. Increases potential to attract other new aviation businesses.
- Airport should control the right to exercise any options or must consent to requests to extend; in some cases, a mutual option to extend may be considered.
- The Airport should include a Termination for Convenience clause whenever possible.
- If an extension option is automatic or controlled by the Tenant, the FAA considers the extension option to be a part of the original term.
- Renewal options shall be granted based upon a review of Lessee's performance and shall only be exercised given compliance with all terms and conditions of the lease and a determination that the structural integrity, safety, and appearance of the facilities meet City standards and appears to be able to meet them for the extension period.

PAYMENT OF FEES

- All Non-Aeronautical leases with terms of more than 5 years will contain an escalation provision and should be based upon a recognized economic index, such as the Consumer Price Index ("CPI") or local, state or Federal cost of living indexes.
- Rates charged for Non-Aeronautical use of the Airport must be based on FMV of similar off airport properties.

- FMV of Airport facilities may be determined by reference to negotiated fees charged for similar uses of the Airport or by appraisal of comparable properties.
- Agreements that contain nominal lease rates must include the rationale and justification for leasing those properties for nominal rates or justification must be documented in the lease file when appropriate.
- Nominal lease rates must be consistent with FAA guidelines for such leases, as more fully set forth herein and in Section VII.E and G of the FAA's Revenue Use Policy.

TITLE

- The title to any Tenant constructed facilities or improvements on Airport property should vest with the City at the expiration of the lease.
- The Director of Aviation must approve all design and construction plans in advance and in writing.
- Tenants must provide complete Computer-Aided Design ("CAD") files and/or electronic GIS format upon construction completion.
- Tenant Capital Investments must be documented in the lease file in accordance with the Lease Agreement. Lessees shall provide the City with a certified statement setting forth the total cost for all construction projects.
- The Airport should retain the right to require removal of any improvements that will not be needed or will exceed their useful life at the end of the agreement or once the title of facilities vests in the Airport.
- Unless otherwise agreed to by the parties, trade fixtures, supplies, products, and personal property, which have not assumed the nature of leasehold improvements or fixtures to real property may be removed by Tenants at the expiration of the Lease.

SUBORDINATION

- Agreements should be subordinate to the Airport's Federal obligations and any existing or future agreements the City may enter into with the Federal government.
- Agreements should be subordinate to the rights of the United States of America to operate the Airport or any part thereof during time of war or national emergency. Such rights shall supersede any provisions in any Agreement inconsistent with the operations of the Airport by the United States of America.

ASSIGNMENT & SUBLETTING

- Airport should retain the right to approve in advance any assignment, sale, transfer or Sublease by the Tenant of its leasehold interest
- Airport may require a lease assignment or transfer fee of two percent (2%) of the gross selling or transfer price or two percent (2%) of the appraised fair market value, whichever is greater, to be paid to the City in conjunction with any lease transfer or assignment
- A transfer shall be construed as any transaction involving twenty-five percent (25%) or more of the stock or ownership interest in the leasehold

- entity
- Subleases must be pre-approved by the Director of Aviation prior to execution of the Sublease and the Airport Use Agreement, authorizing the Sublease
- Executed Subleases must be incorporated into the authorizing Use Agreement as an Exhibit.

FAA OPINION ON REVIEW

- FAA's interest in airport leases is confined to the lease's impact on the airport's Federal obligations.
- The Airport should not construe the acceptance of the lease as an endorsement of the entire document.
- The ADO or regional airports division reviews a lease and determines it does not appear to violate any Federal compliance obligations.
- The ADO will advise the airport that FAA has no objection to the agreement; the FAA does not approve leases, nor does it endorse or become a party to Tenant lease agreements.

MAINTENANCE

- Maintenance obligations should be clearly defined for each party to the agreement.
- Maintenance support services of any kind should not be performed by the Airport, unless there is a means for the Airport to recover such costs.
- The Airport should ensure that pest control is solely the Tenant's responsibility.
- Agreements should include the Airport's right to enter into facilities to perform maintenance, emergency access and repairs and for inspection of the facilities.
- Agreements should specify that any improvements not contemplated in the original Agreement should be submitted to the Airport via its Change Request (TRAC-R) Form for review and consideration; approval/disapproval should be rendered within 30 days of receipt.

LEASEHOLD MORTGAGE

- The right to mortgage the lease should be limited to the leasehold rights and should explicitly prohibit the mortgaging of any Airport property.

BREACH

- All leases must identify what constitutes a breach of the agreement and provide parties with an opportunity to cure, and provide the airport with the explicit ability to terminate the lease for uncured breaches.

INSURANCE

- Agreements will contain insurance provisions for the types and amounts of insurance coverages outlined in the Minimum Standards and as approved

- by the City's Risk Manager.
- Signed Agreements will not be executed by the City without the accompanying insurance certificates evidencing required levels of coverage.
- Agreements shall also meet all state of Florida insurance requirements.

PERFORMANCE GUARANTEE

- Agreements require a performance guarantee in an amount that guarantees performance under the provisions of the agreement; typically, equal to the greater of an established amount or three months of projected rent.
- Signed Agreements will not be executed by the City without the accompanying performance guarantee.
- Agreements should specify a development schedule for facility construction and improvements.
- Construction contracts, bonds, permits and insurance must be provided prior to construction commencement.
- Agreements should stipulate penalties or permit the Airport to take back the premises if the Tenant fails to construct improvements or perform under the terms of the Agreement.

NONDISCRIMINATION CLAUSE

- Agreements must ensure that the Tenant, personal representatives, successors in interest, and assigns covenants and agrees that:
 1. No person on the grounds of race, color, national origin or any other legally protected class shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities being leased,
 2. In the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, national origin or any other legally protected class shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, and
 3. That the Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, as currently exists or as may be amended in the future.
- Agreement should include that in the event of breach of any of the above nondiscrimination covenants, the Airport shall have the right to terminate the lease and reclaim its facilities and/or property.