

Lease Policy and Procedures

**St. Augustine - St. Johns County
Airport Authority**



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1. INTRODUCTION AND DEVELOPMENT DISCUSSION

The property presently described as St. Augustine - St. Johns County Airport was deeded to the Authority in 1965 and has been generally under the care, custody and control of the St. Augustine - St. Johns County Airport Authority since that time. The airport was constructed by the United States Navy in 1941 in support of war efforts. With the eventual close of World War II, the airport was declared surplus to the needs of the military and through the War Assets Administration was deeded to the City of St. Augustine in 1946. The City operated the facility until Florida Legislature created, by special act, the Airport Authority and the deed was transferred in 1965.

The deed for the property contains several provisions which require or disallow certain activities pertaining to the use of the property, including:

- A. First and perhaps most importantly, the deed requires the Authority to maintain and operate the property as a public-use airport. Only after meeting that condition does the Authority have the requirement and ability to utilize property declared surplus to aviation needs for non-aviation revenue producing efforts.
- B. Another main deed provision involves the use of revenues derived from the utilization of airport property. Explicit language contained in the deed requires that all revenues derived from the use of airport property must go toward the operation and maintenance of the airport, with priority given to actual aviation areas.
- C. The deed also provides that the airport develop a rental and fee structure that will make it as self-sustaining as possible.

Acceptance of grant money from the Federal Government (Federal Aviation Administration) obligates the Authority to many specific and more detailed requirements as they relate to the lease and use of airport property. For practical purposes, these "assurances" as they are known, obligate the Authority for a period generally not less than twenty (20) years from the acceptance of a grant. A copy of the most recent assurances is provided in Section 9.1. The grants accepted to-date have resulted in many capital, and money intensive projects being accomplished. The projects continue to benefit the community and would not have been possible without Federal Assistance.

Another key document is a Federal Aviation Administration publication entitled "Leasing of Surplus Airport Properties", Airport Compliance Requirements – F.A.A. Order 5190.6A. This governmental publication serves as the primary guidance document for Federal Aviation Administration staff and airport owners in complying with the deed and grant assurance requirements.

This Policy Document was developed for the purpose of codifying and facilitating a fair and consistent policy related to leasing efforts related to all airport property. This document is not intended to address all possible situations and/or requests relative to lease administration of Airport property. However, this document does attempt to detail the fundamental and recurring nature of the leasing effort; and, serves as a consensus document of the overall lease policy in effect. The document has been intentionally formatted to allow for periodic review and update, as necessary,

to assure continued compliance with minimum federal and state requirements, as well as local rules, regulations and directives related to the leasing of airport property.

Generally, the procedures detailed within are applicable to all leases of airport property. In its development, this document makes every attempt to adhere to the guidelines, rules, regulations, and policy interpretations as promulgated by the Federal Government through the property deed, grant assurances, and FAA Order 5190.6A. However, the sole responsibility for development and administration of lease policy consistent with federal requirements rests exclusively with the property owner (Airport Authority).

The airport administration office maintains a repository for the referenced documents. These documents are available for public inspection during the normal business hours of the airport administration office.

Specific consideration and policy development was made relative to the leasing activities of T-Hangars, Box Hangars and Port-A-Port Hangars. All reasonable attempts were made to distinguish these types of leasing activities from that of other types. Where apparent conflicts or contradictions may exist in the leasing of T-Hangar type units, the specific guidance provided for T-Hangars shall apply over that of a more generalized nature.

The adoption of this Policy and Procedures Document shall serve to ratify and codify previous policies adopted by the Authority including, but not necessarily limited to: Policy 99-02 "Uniform Lock and Key System for T-Hangars;" Policy 02-02 "General T-Hangar Lease Policy;" Policy 02-03 "Late Fee and Evictions."

2. DEFINITIONS

AERONAUTICAL ACTIVITY - Shall mean 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, but not by way of limitation, all activities commonly conducted at airports, such as charter operations, pilot training, aircraft rental, sightseeing, aerial photography, crop dusting, aerial advertising, surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products (whether or not conducted in conjunction with other included activities), repair and maintenance of aircraft, sale of aircraft parts, sale and maintenance of aircraft accessories, radio, communication and navigational equipment, flying clubs and any other activity which, because of its direct relationship to the operation of aircraft, can appropriately be regarded as an "aeronautical activity".

AIRPORT MASTER PLAN - Shall mean the current master plan report and the scaled dimensional layout of the entire property, indicating current and proposed usage for each identifiable segment as approved by the Airport Authority, Florida Department of Transportation, and Federal Aviation Administration.

AIRPORT AUTHORITY - Shall mean the independent, corporate body, whose members are elected by the citizens of St. Johns County for the purpose of oversight of airport interest and properties associated with St. Augustine - St. Johns County Airport.

AVIATION ACTIVITY - Shall mean any aeronautical and non-aeronautical use of airport property which by its nature or use is tied to the use of airport property. Examples of non-aeronautical uses would include ground transportation (taxis, car rental, limousines), restaurants, in-flight catering, barber shops, terminal concessions, automobile parking lots, aircraft or aircraft component manufacturers, etc....

COMMERCIAL ACTIVITY - Shall mean any kind of activity that involves the tender of money or barter. Such activity shall require operation under the terms of a written agreement with the Airport Authority and shall be subject to the specific sections of this and other Policies developed to control such activity on airport property.

CORPORATE AVIATION - Shall mean any kind of activity associated with a business entity not deriving direct benefit from the use of airport property. Corporate Aviation uses must be ancillary to another and distinctly separate business activity that may or may not be located on airport property.

EXCLUSIVE RIGHT - A power of privilege, or other right excluding or debarring another or others from enjoying or exercising a like power, privilege, or right through agreement or imposition of unreasonable standards, or by implication and construction.

EXECUTIVE DIRECTOR - Shall mean the chief administrative employee of the St. Augustine - St. Johns County Airport Authority. The Executive Director is charged with sole administrative responsibility with regard to this policy document.

FAIR MARKET VALUE (FMV) - The highest price estimated in terms of money which a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys

with knowledge of all the uses to which it is adapted and for which it is capable of being used. It is also frequently referred to as the price at which a willing seller would sell and a willing buyer buy, neither being under abnormal pressure.

FAIR MARKET RENTAL VALUE (FMRV) - A market based concept where after the Fair Market Value (FMV) is established by appraisal, Fair Market Rental Value (FMRV) is determined by using the percentage of FMV commonly used in the local area by the private sector to set fair rental value. The FMRV is typically expressed as a percentage of the FMV of a property or improvement or as a rate or range of rates indicated by dollars (\$) per Square Foot, per year.

FEES - The non-rent charge assessed by the Authority for the purpose of recovering the cost associated with the performance of some service or provision of some improvement. Fees are typically expressed as unit charges or percentage of revenues collected as a result of location on the airport.

LONG TERM LEASE – A long term lease shall include any lease whose term exceeds five (5) years in duration, inclusive of all options available within the terms of the lease contract.

PRIVILEGE FEES - Privilege Fees are the charges made or assessed for the granting of certain rights of service at the airport. Fees are typically expressed as unit charges or percentage of revenues collected as a result of the privilege of providing a specific service at the airport.

PUBLIC USE AND BENEFIT - The determination and assurance that the airport and its facilities must be available to be used in common with the public and that the terms imposed on those who use the airport and its services, including rates and charges, must be fair, reasonable, and applied without unjust discrimination in exchange for granted rights for the offering of services and/or commodities to the public as related to aeronautical activities.

SHORT TERM LEASE - A short-term lease shall one whose term, inclusive of any options, does not exceed five (5) years in duration.

T-HANGARS – Shall mean any activity or building use for the sole purpose of the storage and user maintenance of light, general aviation aircraft whether owned by an individual, partnership, club or corporation and accomplished in areas designated and approved by the Airport Authority. Such activity and use shall be strictly non-commercial and is herein distinctly regulated and distinguished from that of commercial aviation activities.

3. NON-DISCRIMINATION IN LEASING ACTIVITIES

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that all leases of airport property shall be consistent with the 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, and as may be amended.

Implementation Procedures

1. All proposed leases shall contain language specifically prohibiting the discrimination by virtue of race, color, creed, sex, or national origin in lease related activities, requiring the inclusion of such provisions in all sublease agreements covered in the original lease or when requested in the future.
2. All proposed leases shall contain termination provisions for violation(s) pursuant to breach of non-discrimination covenants. Such termination procedure shall require and are subject to the procedures of 49 CFR Part 21, including the expiration of any appeal rights contained therein,

ADMINISTRATIVE: *Sample language of the required clauses is shown in Exhibit 3.1.*

FAA Required Lease Clauses

RECOMMENDED LEASE CLAUSES

- I. Lessee agrees to operate the premises leased for the use and benefit of the public.
 - (a) To furnish fuel, power, water, sewage, and other services adequate to meet all the demands for its service at the airport.
 - (b) To furnish said service on a fair, equal, and non-discriminatory basis to all users thereof, and
 - (c) To charge fair, reasonable, and non-discriminatory rates for each unit of sale or service. Provided that the Lessee may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- II. The Lessee, for himself, his personal representatives, successors in interest, and assigns, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or subjected to discrimination in the use of said facilities; (2) that 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, or national origin shall be excluded from participation in, denied the benefits of, or subjected to discrimination; and (3) that the Lessee, shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, and Title 49, Code of Federal Regulations, Department 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, and as such Regulations may be amended. That in the event of the violation of any of the above non-discrimination covenants, Lessee shall have the right to terminate the Lease and to re-enter and repossess said land and

Mandatory Lease Clauses for Airports Receiving Federal Airport Aid

Owners of public airports to which the Federal Aviation Administration has made grants of Federal funds must assure the FAA that all existing leases concerning the providing of any service to the public on the airport contain Clauses I and II. If the existing lease does not contain any of such existing lease for examination. If any existing leases do not contain these two clauses, then they should be amended prior to submission to FAA.

All existing leases concerning aeronautical services on airports receiving Federal aid must contain Clauses I, II, III, IV, and V, and it is recommended that the remaining clauses (VI-X) also be included in this type of leases.

Airport owners requesting Federal airport aid should amend existing leases as soon as possible in order to eliminate delays in the processing of their request. Airport owners, after entering into a Grant Agreement, should include the listed clauses, as appropriate in all future lease agreements.

ment, a consent decree, court order, or similar mechanism. The grantee agrees that state or local affirmative action plan will be approved by the FAA. The grantee agrees to comply with 14 CFR Part 152, Subpart E, only when they fully meet the standards set forth in 14 CFR 152.409. The grantee agrees to obtain a similar assurance from its covered organizations, as required by 14 CFR Part 152, Subpart E.

VI. Lessee reserves the right to further develop or improve the handling area of the airport as it sees fit, regardless of the desires or view of the Lessee, and without interference or hindrance.

VII. Lessee reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the handling area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of Lessee in this regard.

VIII. During the time of any national emergency, the Lessee shall have the right to lease the handling area or any part thereof to the United States Government for military or naval use, and, if such lease is executed, the provisions of this instrument insofar as they conflict with the lease shall be suspended. Lessee to the Government, shall be suspended.

IX. Lessee reserves the right to take any action, in its discretion, to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or structure, or any other structure or object which, in the opinion of the Lessee, would limit the usefulness of the airport or constitute a hazard to aircraft.

X. This Lease shall be subordinate to the provisions of any existing or future agreement between Lessee and the United States, or any other Federal agency, in connection with the airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the airport.

the facilities thereon, and hold the same as if said Lease had never been made, provided, however, that the grantee shall comply with the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

III. It is clearly understood by the Lessee that no right or privilege has been granted which would operate to prevent any person, firm or corporation operating aircraft on the airport from performing any services on the airport, and that the Lessee shall not interfere with the regular employees (including but not limited to, maintenance and repair) that it may choose to perform.

IV. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right.

V. a. The grantee assures that it will undertake an affirmative action program, as required by 14 CFR Part 152, Subpart E, to ensure that no person on the grounds of race, color, or national origin or sex, shall be excluded from participating in any employment, contracting, or leasing activities covered in 14 CFR Part 152, Subpart E. The grantee assures that no person shall be excluded, on the grounds of race, color, or national origin, from the benefits of any program or activity covered by this subpart. The grantee assures that it will require that its covered organizations provide assurance to the grantee that they similarly will undertake affirmative action programs to ensure that no person shall be excluded from their suborganization, as required by 14 CFR Part 152, Subpart E, to the same effect.

b. The grantee agrees to comply with any affirmative action plan or policy required by 14 CFR Part 152, Subpart E, as part of the affirmative action program or by any Federal, state, or local agency or court, including those resulting from a conciliation agree-

Exhibit 3.1

4. APPLICATION AND WAITING LISTS

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that application for aviation and non-aviation lease space shall be made using a uniform and consistently applied methodology. Where circumstances exist that waiting lists are required to segregate the demand for Authority owned facilities, the development and maintenance of said lists shall be developed and maintained by the Executive Director.

Implementation Procedures

1. Application shall be on a form and in a manner provided by the Airport Authority and shall be subject to periodic updates and changes as determined necessary by Executive Director.
2. Applications shall specify with sufficient detail the nature of the proposed use including the name and contact information of the proposed lessee, the lessee's minimum or maximum space requirements and expected development timeline (if required), and shall comply where applicable with the requirements of Section 8.1.

To the greatest extent possible, the Executive Director shall match the space and use requirements of a potential tenant on the "waiting list" to that of an available unit(s). Information provided or amended by a prospective lessee shall form the basis of any such evaluation effort. The failure on the part of any prospective lessee to provide or keep current waiting list information shall not be considered adequate grounds for reversal of the Executive Director's decisions relative to an appropriate match of available space proposed lessee.

Applications for building space will not be accepted where the proposed scope of operation includes the sublease of more than 25% of the available square footage of the building space. Individuals or firms wishing to sublet more than 25% of building space shall be required to capitalize their own facilities after entering into an appropriate land lease with the Authority.

ADDITIONAL CONSIDERATION FOR COMMERCIAL AVIATION USES

Proposed Lessee's that have engaged in Commercial Aviation in that a determination of "public use and benefit" has been properly made relative to the proposed commercial operation, shall be afforded first opportunity to lease existing available space and/or priority in occupancy in appropriate "built to specifications" space initiated by the Airport Authority.

ADDITIONAL PROCEDURES FOR T-HANGARS, BOX & PORT-A-PORT HANGARS

1. The Executive Director shall develop and maintain a waiting list of qualified individuals desiring to lease a t- hangar, "port-a-port," or "box" type aircraft hangar from the Authority. The Executive Director, consistent with the following provisions, shall administer the hangar waiting list.
2. The list shall be generally maintained in the order, in which the list has been developed, i.e., first names received shall be afforded the first opportunity for rental and subject to the following:
 - a. Individuals will be contacted via phone and afforded a seventy-two (72) hour or three (3) business day period, whichever is greater, to affirm their desire to lease the available hangar unit.

- b. In the event the individual listed in the first position on the waiting list has specific aircraft requirements inconsistent with the available hangar unit, they will be retained in their relative position on the list for an appropriate hangar unit when available. A declination of an appropriately sized unit will result in forfeiture of waiting list position as provided herein.
 - c. Should the individual listed in first position on the waiting list fail to respond in the time specified, the individual listed in second position shall be contacted in like manner and afforded the opportunity to lease the available hangar unit. Movement through the list, in the order established, shall continue until the available unit is leased.
 - d. In the event that any individual fails to respond within the specified period described in Paragraph 1 above, he or she will be contacted via first class mail at the last address on file, for the purpose of affirming his or her desire to lease the next available hangar unit. Failing that, an individual who remains unresponsive for a period exceeding thirty (30) days shall be removed from the waiting list and shall forfeit all previous position on the waiting list.
 - e. The Executive Director shall conduct an annual review and adjustment of the waiting list. Such review shall verify current contact information of all individuals listed. Any individual, who fails to respond for more than thirty (30) days during the annual waiting list review, shall be removed from the list without additional priority on any new list.
3. Additional Consideration for Existing T-Hangar Lessee's – An existing t-hangar lessee desiring to change specific hangar units shall be afforded a "first opportunity" to affect the change prior to the contact of individuals on the waiting list. The Executive Director shall maintain a list of individuals desiring such lateral moves. In affecting this provision, a new lease agreement, consistent with the specific rates and terms of the desired unit, shall be required of the Lessee.

5. COMPLIANCE WITH AIRPORT MASTER PLAN

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that proposed leases of airport property shall be in general accordance with the approved Airport Master Plan or Airport Layout Plan depicted use.

Implementation Procedures

1. Proposed leases and/or developments intended for lease or sub-lease shall be reviewed for compliance with the then current FAA approved and Airport Authority adopted Airport Master Plan and/or Airport Layout Plan.
2. Proposed property uses which do not conform to the approved Airport Layout Plan will not be approved until which time as appropriate revisions to the plan are made and concurred in by the FAA and the Authority.

ADMINISTRATIVE: *Reference is made to Airport Master Plan. This document is available for review at the Airport Office.*

6. AVIATION LEASES

Non-Commercial Aviation Leases

6.1.1 LAND ONLY -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all airport land to be utilized for non-commercial aviation purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific ground lease can be valued using an "on-file" appraisal of comparable character; and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements accessible to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate "sample standard form lease documents" generally conforming to that appropriate document found in Section 9.3.
3. "Land only" annual rental valuations shall be based on a minimum value of ten percent (10%) of the appraised value used or the appraisal rate provided as expressed in cents per square foot per year.
4. All land leases shall be subject to an annual CPI adjustment.
5. The basic property valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period.
6. All utilities, phone service and related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
8. Fair Market Value determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

6.1.2. BUILDINGS (New Construction or “Build-to-Suit”) -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all newly constructed airport buildings to be utilized for non-commercial aviation purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an “on-file” appraisal of a facility lease of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate “standard form” lease agreement generally conforming to that found in Section 9.3.
3. Annual rental valuations shall be based on a minimum value of seven percent (7%) of the appraised value used or the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial services, trash service, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
8. Fair Market Value and Rental Rate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

6.1.3 BUILDINGS (Existing Facilities or “Re-Rental”) –

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all previously constructed (existing) airport buildings to be utilized for non-commercial aviation purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described In Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an “on-file” appraisal of a facility comparable character, and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate “standard form” lease agreement generally conforming to that found in Section 9.3,
3. Annual rental valuations shall be based on a minimum value of seven percent (7%) of the appraised value used or the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial services, trash service, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
8. Fair Market Value and Rental Rate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.
10. Additional Build-out Requirements
 - a. Approval Required - Improvements to an existing facility which are to be considered for Authority funding, shall be subject to approval by the Authority prior to the expenditure of funds.

- b. Return on Investment Determination Standards - All approved "Build-outs" are subject to an additional monthly rental amount equal to the net Airport Authority cost of the Improvements as if amortized over a 20-year term and yielding a seven percent (7%) annualized return.
- c. Investment by Lessee - As an incentive and "good faith" gesture, the proposed lessee shall be required to make a minimum cash or equivalent investment in the proposed build-out equaling to at least ten percent (10%) of the projected improvement cost.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

6.2 Commercial Aviation Leases

6.2.1 PUBLIC USE and BENEFIT DETERMINATION –

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that commercial aviation designated property shall be leased and operated for the use and benefit of the Public.

Implementation Procedures

1. To affect this policy, all aviation leases shall contain language requiring that services proposed will be provided on a fair, equal, and nondiscriminatory basis to all users.
2. Aviation Leases will contain language requiring that for each unit of sale or service provided, the associated charges will be fair, reasonable, and non-discriminatory, provided that the Lessee may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
3. Lease language will be required which clearly states that exclusive rights or privileges related to aviation leases or services are not granted.
4. Leases will provide reservations benefiting the Authority which allow for the continued development of the airport, as the St. Augustine – St. Johns County Airport Authority determines appropriate, regardless of the desires or views of the Lessee, without hindrance or interference.
5. Aerial approaches to the airport will be protected by any means determined appropriate by the Authority, including the physical removal of obstructions or hazards, as required. Language to this effect will be included in all aviation leases.
6. Leases will contain language which makes all leasing activities of airport property subordinate to the provisions of any existing or future agreement between the Authority and the United States relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the airport.

ADMINISTRATIVE: *Sample language of the required clauses is shown in Exhibit 3.1.*

6.2.2 PRIVILEGE FEE ASSESSMENT -

It shall be the policy of the St. Augustine – St. Johns County Airport Authority that commercially leased airport property may be subject to fees for the provision of service(s) to Lessee in excess of those included in the base rental amount.

Implementation Procedures

1. To affect this policy, all property determined by the Airport Authority to be affected shall be subject to collection and disbursement of fees and charges as established from time to time by the Airport Authority.
2. Assessment, if any, is determined by the Airport Authority. Commercial activities which use or access the assets of the St. Augustine Airport or use the location of the St. Augustine Airport in facilitating the individual business may be subject to assessment consistent with other airport users of similar nature and character. Examples of privilege fees are "percentage of gross sales," "airfield impact fees" or similar percentage or unit-type assessments. These fees are in addition to rent.
3. Documentation of sales information and/or audit rights will be required of lessee.
4. Established fees or charges may be adjusted as provided by the lease document and/or as provided by the establishing or amending action of the Airport Authority.

ADMINISTRATIVE: *None.*

6.2.3 OTHER FEE ASSESSMENT -

It shall be the policy of the St. Augustine – St. Johns County Airport Authority that commercially leased airport property may be subject to fees for the provision of service(s) to Lessee in excess of those included in the base rental amount.

Implementation Procedure

1. To affect this policy, all property determined by the Airport Authority to be affected shall be subject to collection and disbursement of fees and charges as established from time to time by the Airport Authority.
2. Services provided which may be subject to charges or fees include those associated with common area maintenance, fire service/protection, security, etc...
3. Documentation of actual receipt of identified charges or fees shall be included in appropriate lease files.
4. Established fees or charges may be adjusted as provided by the lease document or as provided by the establishing or amending action of the Airport Authority and are in addition to rent.
5. All document recording fees shall be paid by the Lessee.

ADMINISTRATIVE: *None.*

6.2.4. APPLICATION OF MINIMUM OPERATING STANDARDS

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that commercial aviation designated property shall be leased and operated in compliance with adopted minimum operating standards.

Implementation Procedures

1. To affect this policy, all aviation leases shall contain language which specifies what services are to be provided by the Lessee and under what terms or conditions those privileges are granted.
2. Aviation Leases will contain language which specifies the development and capital required of the Lessee and addressing the minimum requirements appropriate for the activities to be conducted.
3. All commercial aviation uses of airport property will have an operating agreement specifying the terms and conditions required of the Lessee. When appropriate, the Authority shall ascribe the specific terms and conditions which shall be a part of the Lease.
4. Leases shall provide for date-certain phasing of capital requirements, as determined appropriate.

ADMINISTRATIVE: *Section 9.2 contains the Airport Authority adopted Minimum Operating Standards and procedures pursuant to aviation leases.*

6.2.5 LAND ONLY -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all airport land to be utilized for commercial aviation purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific ground lease can be valued using an "on-file" appraisal of land of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements accessible to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate "standard form" lease agreement generally conforming to that found in Section 9.3.
3. "Land only" annual rental valuations shall be based on a minimum value of ten percent (10%) of the appraised value used or the appraisal provided rate as expressed in cents per square foot per year.
4. All land leases shall be subject to an annual CPI adjustment.
5. The basic property valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period.
6. All utilities, phone service and related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
8. Fair Market Value determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

6.2.6 BUILDINGS (New Construction or “Build-to-Suit”) -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all newly constructed airport buildings to be utilized for commercial aviation purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an “on-file” appraisal of a facility lease of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate “standard form” lease agreement generally conforming to that found in Section 9.3.
3. Annual rental valuations shall be based on a minimum value of seven percent (7%) of the appraised value used CR the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial services, trash service, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/ acceptance document(s).
8. Fair Market Value and Rental Pate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

6.2.7 BUILDINGS (Existing Facilities or “Re-Rental”) -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all previously constructed (existing) airport buildings to be utilized for commercial aviation purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an “on-file” appraisal of a facility lease of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate “standard form” lease, agreement generally conforming to that found in Section 9.3.
3. Annual rental valuations shall be based on a minimum value of seven percent (7%) of the appraised value used OR the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial services, trash service, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization acceptance document(s).
8. Fair Market Value and Rental Rate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.
10. Additional Build-out Requirements
 - a. Approval Required - Improvements to an existing facility which are to be considered for Authority funding, shall be subject to approval by the Authority prior to the expenditure of funds.

- b. Return on Investment Determination Standards - All approved "Build-outs" are subject to an additional monthly rental amount equal to the net Airport Authority cost of the improvements as if amortized over a 20-year term and yielding a seven percent (7%) annualized return.
- c. Investment by Lessee - As an incentive and "good faith" gesture, the proposed lessee shall be required to make a minimum cash or equivalent investment in the proposed build-out equaling to at least ten percent (10%) of the projected improvement cost.

ADMINISTRATIVE: *Standard Form Land Lease document In Section 9.3.*

6.3 T-Hangar Type Aviation Leases

6.3.1 ALL AUTHORITY OWNED UNITS -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all Airport Authority T-Hangar, Box Hangar and Port-A-Port Hangar Units shall be done so consistent with this section.

Implementation Procedures

1. All Community Type Aircraft Storage owned and operated by the St. Augustine – St. Johns County Airport Authority are subject to the provisions of this Policy.
2. At the effective date provided by this Policy, all covered hangar rental units are required to have an executed lease agreement covering the terms and conditions of the rental. All rental agreements are subject to periodic review and adjustment, as deemed appropriate by the Airport Authority.
3. The Executive Director is herein charged with the responsibility of implementation.
4. Rental Agreement - A rental agreement shall be required of all individuals desiring to use the hangar facilities operated by the Authority. Such agreement shall contain the following items, as a minimum:
 - a. Named Lessee, only one person or entity shall be permitted as a named lessee on T-Hangar leases, regardless of multi-party ownership of a stored aircraft. A named lessee may not be changed during the term of a lease.
 - b. Lease Term shall be for one (1) year or less, and shall be automatically renewed for additional one-year periods upon expiration. All leases of hangars covered by this policy shall have an expiration date of September 30th. This provision shall have a minimum thirty (30) day advanced notification requirement for early termination by either party.
 - c. Initial Rental Rate shall be shown on the agreement. The rental amount may be adjusted at the time of renewal as provided by a majority vote of the Airport Authority and with a minimum of thirty (30) days advance notification of the increase having been made to the tenant.
 - d. Rental Agreements shall be for the exclusive use of a single tenant for T-Hangar and Port-A-Port Units and not more than two named Lessees for Box Hangar units. No subleases or sub-uses shall be permitted. Multiple occupancy agreements applicable to Box Hangars require all parties to be "named Lessees" and to be jointly and severable liable for all lease obligations. Hangar Leases are not transferable.
 - e. Rental Adjustments, all T-Hangar leases shall be subject to annual CPI adjustments. The adjustments shall be provided for administratively by the Executive Director without additional action required of the Authority. Additionally, at the direction of the Authority or at increments not greater than 5 years, the Authority shall review and adjust, as necessary, all base T-hangar rates to FMRV. This adjustment shall serve as the base for all subsequent annual CPI rental adjustments.

- f. No More Than Two Aircraft owned or substantially owned by the tenant(s) shall be permitted to occupy a single hangar. Hangars specifically identified by the Authority may have the limit increased to a limit not to exceed three (3) aircraft.
 - g. Consistent with other Authority Policies, all rent shall be deemed due and payable on the first day of the month, in advance of use. Late fees shall apply to all rentals received after the tenth of the month due. Any account found to be in arrears in excess of 30 days shall be subject to forcible eviction.
 - h. All Standard Airport Lease Clauses shall apply to rental agreements.
 - i. All Applicable Rules and Regulations promulgated by the Authority related to the operation of an aircraft or other vehicle on the airport, conditions of building use and conduct shall be incorporated directly or by reference in the Rental Agreement. Strict adherence to Local, State and Federal rules and regulations shall be a condition of continued rental.
 - j. A List of Aircraft to be stored in the hangar shall be provided to the Executive Director and shall be updated by the Renter within 15 days of any changes of aircraft proposed for storage.
 - k. Inspection and Verification of the hangar contents, specified aircraft, and maintenance needs is required to be accomplished annually by airport staff.
 - l. Insurance may be required as a condition of rental. This requirement shall be periodically reviewed by the Authority and adjusted as necessary.
 - m. Indemnification of all Authority Members or Staff persons shall be required as a condition of rental. All multi-tenant lease arrangements are at a Lessee "at-risk" with regard to aircraft damage as a result of a shared leasehold. The Authority assumes no liability for hangar sharing liability or property damage risks associated with the tenancy.
 - n. All lease terms shall be developed using the appropriate "standard form" lease agreement generally conforming to that found in Section 9.3.
 - o. All utilities, phone service and related items are the obligation of the lessee.
 - p. Fair Market Value determinations shall exclude sales tax in such computation.
 - q. All leases may be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.
5. Any lease declared in default may be, at the discretion of the Executive Director, subject to random inspection as necessary to confirm compliance with all Airport Rules & Regulations, Policy and the Lease.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3. Additional Administrative Requirements pertaining to T-Hangar Type Leases is contained in Section 8, 8.10 and 8.11.*

7. NON-AVIATION LEASES

7.1 Federal Aviation Administration Review Requirement

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that all proposed non-aviation leases of airport property shall afford an adequate review period for comments by the Federal Aviation Administration prior to Airport Authority action.

Implementation Procedure

1. All proposed non-aviation leases of airport property shall be transmitted to the Federal Aviation Administration, Airports District Office, Orlando, Florida, for the purposes of review and comment. At the request of the FAA, Aviation leases are not normally to be reviewed. FAA guidance in lease requirements and submittals are incorporated as Exhibits 7.1 and 7.3.
2. The Federal Aviation Administration shall have a maximum of two-weeks in which to review, comment or interpose objections to a proposed lease. In the event the FAA should need more time for review, such need will be adequately communicated to the Authority for consideration.
3. Federal Aviation Administration comments and/or objections, shall be addressed, in writing, and presented with the proposed agenda item for consideration by the St. Augustine - St. Johns County Airport Authority.
4. When the FAA does not interpose an objection(s) to a proposed lease, such confirming correspondence shall accompany the agenda item for Airport Authority action.
5. Any proposed lease condition or clause which would have the potential effect of jeopardizing any compliance item as noted by the FAA, will be clearly communicated to the Authority as a part of the agenda memorandum.
6. Airport Staff will facilitate all necessary communication with the FAA relative to lease related review requests and as necessary to gain consensus.

ADMINISTRATIVE:

Reference made to the following:

Exhibit 7.1 - FAA Document/Form - "Lease Review"

Exhibit 7.2 - FAA Letter referencing lease Requirements

Exhibit 7.3 - FAA Document - "Specific Lease Requirements"

FAA Document/Form - "Lease Review"


<u>LEASE REVIEW</u>		
AIRPORT _____	DATE _____	
LESSEE: _____		
LOCATION ON AIRPORT _____		
TERM: _____ YEARS WITH _____ OPTION(S) OF _____ YEARS(=)		
(YES) (NO):		
_____	CONSISTENT WITH APPROVED AIRPORT LAYOUT PLAN	
_____	(APPROVED BY FAA _____ (DATE)	
_____	LEASE IS ENVIRONMENTALLY COMPATIBLE WITH	
_____	AIRPORT OPERATIONS.	
<u>APPRAISAL:</u>		
1. APPRAISAL DATED _____	REFLECTS CURRENT FMV.	
2. FAIR MARKET RENTAL VALUE REFLECTS _____ % OF FMV.		
3. RENTAL \$ _____ PER _____ (MONTH) (YEAR)		
4. OTHER (% OF SALES, ETC.) _____		
<u>MANDATORY CLAUSES:</u>		
A. _____	ESCALATION	
B. _____	NON-DISCRIMINATION	
C. _____	AIRPORT PROTECTION:	
_____	RIGHT OF FLIGHT/NOISE	
_____	FAR PART 77 HEIGHT RESTRICTIONS	
_____	CREATION OF NO HAZARDS	
D. _____	PROPERTY RIGHTS RESERVED	
E. _____	EXCLUSIVE RIGHTS (AVIATION LEASES ONLY)	
<p>I, _____, HAVE REVIEWED THE ENCLOSED LEASE AND CERTIFY THAT THE LEASE MEETS THE REQUIREMENTS SET FORTH BY THE FEDERAL AVIATION ADMINISTRATION. I FURTHER UNDERSTAND THAT FAILURE TO SUPPORT FAIR MARKET RENTAL VALUE OR TO COMPLY WITH THE REQUIRED CLAUSES COULD JEOPARDIZE FEDERAL FUNDING.</p>		
_____ SIGNATURE		
_____ PRINTED NAME		
_____ TITLE		
<u>RECOMMENDED CLAUSES (NOT MANDATORY):</u>		
A. USE DEFINED	B. SUBORDINATION	
C. TAX RESPONSIBILITY	D. MAINTENANCE & REPAIR	
E. INDEMNIFICATION	F. INSURANCE REQUIREMENTS	
G. SUBLEASES	H. INSPECTION OF PREMISES	
I. DEFAULT	J. DELINQUENT PAYMENTS	
K. SEVERABILITY	L. DAMAGE ASSESSMENT PROCEDURE	
M. MEDIATION	N. OWNERSHIP OF IMPROVEMENTS	
O. LESSOR'S INTEREST (NOT SUBJECT TO LESSEE'S LIENS)		
Enclosure 1		

Exhibit 7.1

FAA Instructional Letter



U.S. Department
of Transportation
Federal Aviation
Administration

MAY 03 1995

Mr. Edward R. Wuellner
Acting Airport Director
Hernando County Economic Development/
Airport & Industrial Parks
16110 Aviation Loop Drive
Brooksville, FL 34609

Orlando Airports District Office
9677 Tradeport Drive, Suite 130
Orlando, Florida 32827-5397
407-848-8582

RE: Federal Aviation Administration (FAA) Lease Requirements

Dear Mr. Wuellner:

As a result of recent legislative emphasis on rates and charges, revenue diversion, and fair market value requirements, some airport owners have become more concerned with their compliance obligations associated with non-aeronautical leases. In order to enhance awareness of those obligations, we have developed a checklist entitled "Lease Review" (Enclosure 1) and a compilation of required Standard Clauses entitled "Specific Leasing Requirements" (Enclosure 2) to facilitate development of leases in full conformance with Federal requirements.

The main issues to be considered in any agreement are assurances that the contract:

1. Does not grant or deny rights to use the airport facilities contrary to the requirements of law and applicable obligations to the U. S. Government; and
2. Does not negatively impact current or future aeronautical usage, or restrict the owner's ability to meet obligations to the U. S. Government (including fair market value requirements).

The form of the written instrument used to grant airport privileges is the sole purview of the airport owner.

We request that you submit the completed checklist/certification with any lease submitted to this office for review and that copies be retained in your files, with the associated executed lease agreement, for quick reference.

Please note: You are not required to submit aeronautical leases to this office for review and, in fact, we would request that you do so only in unusual circumstances where you need specific guidance.

Please contact us if you have any questions.

Sincerely,


Charles E. Blair
Manager

2 Enclosures

Partners in creating tomorrow's airports

Exhibit 7.2

FAA Document - "Specific Leasing Requirements"

Specific Leasing Requirements

General:

Regarding rental rates, the Federal Aviation Administration (FAA) is unilaterally opposed to excessively low (or no) rent for land which in a sense belongs to the public, regardless of whether it is considered aviation or non-aviation use land.

Public lands will not be made available for private enterprise without obtaining a fair market return. No private individual, or firm, has a right to the use of publicly funded airport land for personal gain without paying their fair share of the maintenance, development and operation of the facility. Having invested substantial public funds in the capital airport plant, the public owner and the FAA have thereby created a business opportunity for privately owned aviation services and non-aviation uses which otherwise would not exist. Therefore, the Sponsor has both a right and obligation to command a reasonable return on their investment.

Further, a no rent or excessively low rent lease (Aviation or Non-aviation) will not meet the requirement of the Sponsor's assurance contained in current grant agreements, which reads in part:

"Sponsor will maintain a fee and rental structure consistent with assurances 22 and 23 for the facilities and services being provided the airport users which will make the airport as self-sustaining as possible under the circumstances existing at that particular airport, taking into account such factors as the volume of traffic and economy of collection."

A fair market rental value (historically 8% to 12% of fair market value) should be assessed for grounds within the leasing area. The fair market rental value of land to be leased should be determined by an acceptable market analysis, usually formal appraisals. Such leases must bring a fair market return to the airport.

As an alternative to or in addition to charging a fee for all land under lease, many airport owners are charging a percentage of the gross income of the fixed based operator (FBO). This method may result in a fair return on the land and allows the airport to grow as the FBO grows. Regardless of the rates or methods used, they must remain non-discriminatory. (This will be further addressed in the escalating clauses section.)

Enclosure 2

Exhibit 7.3

Please note, fuel flowage fees are considered a pass through actually paid by aircraft operators and, therefore, are not considered applicable to rent. A fuel flowage fee should be applied equally to all airport tenants, whether commercial or private. Further, the fee should be applied to all fuel delivered to the airport for economy of collection.

FAA approved Airport Layout Plan (ALP):

An approved ALP, required by federal statute, depicts the entire property, identifies the present facility and the plans for future development. The ALP reflects agreement between FAA and the airport owner as to the proposed allocation of areas of the airport to specific operational and support functional usage. Thus the ALP becomes the controlling instrument in both aviation and non-aviation development. As it relates to leasing, it readily identifies those areas that may be leased to conduct non-aviation enterprises.

Lease clauses required by FAA:

Nondiscrimination

The tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that 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, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination, (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, and as said Regulations may be amended.

That in the event of breach of any of the above nondiscrimination covenants, Airport Owner shall have the right to terminate the lease and to re-enter and as if said lease had never been made or issued. The provision shall not be effective until the procedures of Title 49, Code of Federal Regulations, Part 21 are followed and completed, including exercise or expiration of appeal rights.

Exhibit 7.3 (Continued)

Airport Protection

It shall be a condition of this lease, that the lessor reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the real property hereinafter described, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on the airport.

That the Tenant expressly agrees for itself, its successors and assigns, to restrict the height of structures, objects of natural growth and other obstructions on the hereinafter described real property to such a height so as to comply with Federal Aviation Regulations, Part 77.

That the Lessee expressly agrees for itself, its successors and assigns, to prevent any use of the hereinafter described real property which would interfere with or adversely affect the operation or maintenance of the airport, or otherwise constitute an airport hazard.

Subordination

This lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which the Airport Owner acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from the Airport Owner, and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by the Airport Owner pertaining to the _____ Airport..

Exclusive Rights (required in aviation leases only)

Notwithstanding anything herein contained that may be, or appear to be, to the contrary, it is expressly understood and agreed that the rights granted under this agreement are non-exclusive and the Lessor herein reserves the right to grant similar privileges to another Lessee or other Lessees on other parts of the airport.

Escalation Clauses

Since the annual cost of satisfactorily operating and maintaining an airport will most likely increase throughout the term of the lease, provisions should be made to insure that fair market rental value rates remain current throughout the life of the lease. Accordingly, rental rates should be adjusted at a minimum of 5 year increments. An escalating clause or other means of automatically adjusting must be incorporated into long term leases to provide for this adjustment. A local, state or federal cost of living index can be utilized as the basis for determining the increase. The following is a sample clause:

"Lessor and lessee recognize and agree that the purchasing power of the United States dollar is evidenced by the _____ (Name of appropriate index). In 199_, and every five years thereafter, the parties hereto will compare the price index for said year with the price index for (state year the lease is executed) and the annual rental payments shall be increased (or decreased) in the same proportion as said price index has increased (or decreased) with the price index for (state the year the lease is executed)."

Other Acceptable Methods of Adjusting Lease Rates

"This lease shall be subject to review and re-evaluation at the end of each _____ year period, by the airport owner and the rent may be adjusted according to their action, not to exceed the Consumer Price Index rate during the _____ month period." or

"Land less improvements will be appraised every 5 years and the adjusted rental will be based on _____ percent (normally 10-12%) of appraised value. If disputed, lessor obtains appraisal at his own expense and lessor/lessee equally share expense for review appraisal that establishes fair market value."

Consideration may be given relating to percentages of gross sales, etc. Due to escalating land values in the southeast over the previous years many leases of this nature fail to command a fair market rental rate throughout the life of the lease if the airport is located in a high growth area. Caution should be used when entering into this arrangement.

Exhibit 7.3 (Continued)

References Relating to Both Aviation and Non-aviation Leases:

FAA Advisory Circular 150/5190-1A, Minimum Standards and Commercial Aeronautical Activities on Public Airports, dated 12/16/85.

FAA Order 5190.1A, Exclusive Rights at Airports, dated 10/10/85.

FAA Order 5190.6A, Airport Compliance Requirements, dated 10/2/89.

Exhibit 7.3 (Continued)

7.2 Non-Commercial Leases

7.2.1. LAND ONLY –

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all airport land to be utilized for non-aviation, non-commercial purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific ground lease can be valued using an "on-file" appraisal of a ground lease of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements accessible to the site, including roads, sidewalks, stormwater management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate "standard form" lease agreement generally conforming to that found in Section 9.3.
3. "Land only" annual rental valuations shall be based on a minimum value of fifteen percent (15%) of the appraised value used or the appraisal provided rate as expressed in cents per square foot per year.
4. All land leases shall be subject to an annual CPI adjustment.
5. The basic property valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period.
6. All utilities, phone service and related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
8. Fair Market Value determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

7.2.2. BUILDINGS (New Construction or “Build-to-Suit”) -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all newly constructed airport buildings to be utilized for non-aviation, non-commercial purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an “on-file appraisal of a facility lease of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, stormwater management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate “standard form” lease agreement generally conforming to that found in Section 9.3.
3. Annual rental valuations shall be based on a minimum value of twelve percent (12%) of the appraised value used or the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial and trash services, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
8. Fair Market Value and Rental Rate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.

ADMINISTRATIVE: *Standard Form Land Lease document to Section 9.3.*

7.2.3. BUILDINGS (Existing Facilities or “Re-Rental”) –

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all previously constructed (existing) airport buildings to be utilized for non-aviation, non-commercial purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an “on-file” appraisal of a facility lease of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, stormwater management improvements, utility and communication Infrastructure.
2. All lease terms shall be developed using the appropriate “standard form” lease agreement generally conforming to that found in Section 9.3.
3. Annual rental valuations shall be based on a minimum value of twelve percent (12%) of the appraised value used or the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial services, trash service, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
8. Fair Market Value and Rental Rate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.
10. Additional Build-out Requirements.

- a. Approval Required - Improvements to an existing facility which are to be considered for Authority funding, shall be subject to approval by the Authority prior to the expenditure of funds.
- b. Return on Investment Determination Standards - All approved "Build-outs" are subject to an additional monthly rental amount equal to the net Airport Authority cost of the improvements as if amortized over a 20-year term and yielding a ten percent (10%) annualized return.
- c. Investment by Lessee - As an incentive and "good faith" gesture, the proposed lessee shall be required to make a minimum cash or equivalent investment in the proposed build-out equaling to at least ten percent (10%) of the projected improvement cost.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

7.3 Commercial Leases

7.3.1 PRIVILEGE FEE ASSESSMENT –

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that leased airport property may be subject to fees for the provision of service(s) to lessee in excess of those included in the base rental amount.

Implementation Procedures

1. To affect this policy, all property determined by the Airport Authority to be affected, shall be subject to collection and disbursement of fees and charges as established from time to time by the Airport Authority.
2. Assessment, if any is determined by the Airport Authority, of Commercial activities which use or access the assets of the St. Augustine Airport or use the location of the St. Augustine Airport in facilitating the individual business may be subject to assessment consistent with other airport users of similar nature and character. Examples of privilege fees are "percentage of gross sales," "airfield Impact fees or similar percentage or unit-type assessments. These fees are in addition to rent.
3. Documentation of sales information and/or audit rights will be required of lessee.
4. Established fees or charges may be adjusted as provided by the lease document or as provided by the establishing or amending action of the Airport Authority.
5. All document recording fees shall be paid by the lessee.

ADMINISTRATIVE: *None.*

7.3.2 OTHER FEE ASSESSMENT –

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that leased airport property may be subject to fees for the provision of service(s) to Lessee in excess if those included in the base rental amount.

Implementation Procedure

1. To affect this policy, all property determined by the Airport Authority to be affected, shall be subject to collection and disbursement of fees and charges as established from time to time by the Airport Authority.
2. Services provided which may be subject to charges or fees include those associated with common area maintenance, fire service/protection, security, etc...
3. Documentation of actual receipt of identified charges or fees shall be included In appropriate lease files.
4. Established fees or charges may be adjusted as provided by the lease document or as provided by the establishing or amending action of the Airport Authority and are in addition to rent.
5. All document recording fees shall be paid by the Lessee.

ADMINISTRATIVE: *None.*

7.3.3 LAND ONLY -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all airport land to be utilized for non-aviation, commercial purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific ground lease can be valued using an "on-file" appraisal of a ground lease of comparable character; and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements accessible to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate "standard form" lease agreement generally conforming to that found in Section 9.3.
3. "Land only" annual rental valuations shall be based on a minimum value of fifteen percent (15%) of the appraised value used or the appraisal provided rate as expressed in cents per square foot per year.
4. All land leases shall be subject to an annual CPI adjustment.
5. The basic property valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period.
6. All utilities, phone service and related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/ acceptance document(s).
8. Fair Market Value determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

7.3.4 BUILDINGS (New Construction or “Build-to-Suit”) -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all newly constructed airport buildings to be utilized for non-aviation, commercial purposes shall be done so consistent with this section.

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an “on-file” appraisal of a facility lease of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, stormwater management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate “standard form” lease agreement generally conforming to that found in Section 9.3.
3. Annual rental valuations shall be based on a minimum value of twelve percent (12%) of the appraised value used or the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial services, trash service, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
8. Fair Market Value and Rental Rate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

7.3.5 BUILDINGS (Existing Facilities or “Re-Rental”) -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that the lease of all previously constructed (existing) airport buildings to be utilized for non-aviation, commercial purposes shall be done so consistent with this section.

Implementation procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an “on-file” appraisal of a facility lease of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate “standard form” lease agreement generally conforming to that found in Section 9.3.
3. Annual rental valuations shall be based on a minimum value of twelve percent (12%) of the appraised value used or the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial services, trash service, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/ acceptance document(s).
8. Fair Market Value and Rental Rate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.
10. Additional Build-out Requirements

- a. Approval Required - Improvements to an existing facility which are to be considered for Authority funding, shall be subject to approval by the Authority prior to the expenditure of funds.
- b. Return on Investment Determination Standards - All approved "Build-outs" are subject to an additional monthly rental amount equal to the net Airport Authority cost of the improvements as if amortized over a 20-year term and yielding a ten percent (10%) annualized return.
- c. Investment by Lessee - As incentive and "good faith" gesture, the proposed lessee shall be required to make a minimum cash or equivalent investment in the proposed build-out equaling to at least ten percent (10%) of the projected improvement cost.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

7.3.6 RENTAL HOUSES –

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that all airport land proposed for lease shall be appraised for the purpose of establishing its fair market value (FMV).

Implementation Procedures

1. An appraisal shall be facilitated through the use of procedures described in Section 8.5 of this Policy. In the event that a specific facility lease can be valued using an "on-file" appraisal of a facility leased of comparable character and, provided that such appraisal is less than three (3) years old, the requirement for an appraisal shall be deemed met for the purposes of this section. For the purpose of establishing value, the appraisal shall consider all Authority facilitated infrastructure improvements pertaining to the site, including roads, sidewalks, storm water management improvements, utility and communication infrastructure.
2. All lease terms shall be developed using the appropriate "standard form" lease agreement generally conforming to that found in Section 9.3.
3. Annual rental valuations shall be based on a minimum value of twelve percent (12%) of the appraised value used or the appraisal provided rate as expressed in dollars (\$) per square foot per year.
4. All leases shall be subject to an annual CPI adjustment.
5. The basic facility valuation shall be subject to adjustment every five (5) years. Such revaluation shall be as established by an appraisal consistent with Section 8.5. The base lease rate shall be adjusted to reflect the revised appraisal value. Should the revised appraisal value be less than the previous period (as adjusted by annual CPI movements), the higher of the two rates shall be used and shall serve as the base for the subsequent five year period. Improvements made by the lessee shall not be considered in the development of follow-on appraisals.
6. All non-warranty building maintenance, janitorial services, trash service, utilities and phone service, as well as, related items are the obligation of the lessee.
7. All leasehold improvements shall become the property of the Airport Authority upon expiration of the lease unless otherwise negotiated and approved by the Authority. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization acceptance document(s).
8. Fair Market Value and Rental Rate determinations shall exclude sales tax in such computation.
9. All leases shall be subject to sales and ad Valorem taxation as provided by the general laws of the State of Florida.
10. Additional Build-out Requirements

- a. Approval Required - Improvements to an existing facility which are to be considered for Authority funding, shall be subject to approval by the Authority prior to the expenditure of funds.
- b. Return on Investment Determination Standards - All approved "Build outs" are subject to an additional monthly rental amount equal to the net Airport Authority cost of the improvements as if amortized over a 20- year term and yielding a seven percent (7%) annualized return.
- c. Investment by Lessee - As an incentive and "good faith" gesture, the proposed lessee shall be required to make a minimum cash or equivalent investment in the proposed build-out equaling to at least ten percent (10%) of the projected improvement cost.

ADMINISTRATIVE: *Standard Form Land Lease document in Section 9.3.*

8. ADMINISTRATIVE REQUIREMENTS

8.1 PROPOSAL REQUIREMENTS -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that proposed leases of airport property shall be subject to review for applicability, necessity, qualifications, insurability, financial capability, competency, and scope of services to be performed.

Implementation Procedures

1. To affect this policy, all proponents of airport property lease(s) shall submit in writing, for staff review and recommendation sufficient evidence and documentation of the following:
 - i. Scope of proposed service(s)
 - ii. Professional competency to perform proposed service(s)
 - iii. Detail of financial investment and capability to perform.
2. Proposals shall be prepared with sufficient detail and professionalism to allow review of required documents. A proposed checklist of required items is provided in Exhibit 8.1. A business plan is the preferred document scope and format presented for review.
3. Due to the sensitivity, proprietary nature, and confidentiality of proposal information, and subject to the limitations of Florida Statutes, Chapter 288, pertaining to confidentiality, staff actions and files shall become public information only as provided by the Statute or at the request of a majority vote of the Airport Authority at the time of presentation for Airport Authority.
4. Proposed Lessees will be subject to a credit report review only when staff or the Authority has reason to believe that sufficient evidence exists to warrant further review prior to making a recommendation to the Airport Authority.

ADDITIONAL REQUIREMENTS FOR AVIATION LEASES

Proposals shall provide comply with minimum operating standards for commercial leases consistent with Section 6.2.4 of this document.

ADMINISTRATIVE: *A Proposal Checklist is provided in Exhibit 8.1.*

PROPOSAL CHECKLIST

Commercial Property Leases

St. Augustine Airport

As a minimum, the following items must be included in all proposals involving lease to Commercial enterprises of Airport Property.

Tenant Provided Information:

1. Full Description of Proposed Scope of Operation.
2. Description of Business Entity and Character
3. Evidence of Technical Competency
4. Statement of Compliance with Authority's Minimum Operating Standards for Commercial ventures
5. Evidence of Insurability
6. Description of Security Provisions associated with venture.
7. Start-up Businesses may be required to submit a "Business Plan" for Authority Review

Staff Provided Information:

1. Statement of Compliance with current Airport Master Plan
2. Description of Property to be leased and/or constructed and associated development timeline.
3. Statement of Compliance with Minimum Operating Standards
4. Airport Infrastructure and Operational Impact Statement

Exhibit 8.1

8.2 AGENDA ITEMS -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that proposed leases of property and any modifications thereto shall be subject to approval of a majority vote of the Authority.

Implementation Procedures

1. All proposed Ground and Building Leases, except as herein noted, shall be subject to Authority concurrence. Agenda items relative to approvals by the Authority shall be prepared, submitted and transmitted to the Authority at the time of normal meeting Information transmittal for action.
2. All agenda items shall include any necessary paperwork required to facilitate approval and/or incorporation into Official Authority Records.

Additional Requirements for Commercial Leases:

1. Lease proposals which anticipate a "commercial" use of airport property shall be subject to an initial Authority Review prior to sustentative negotiations being accomplished by the Executive Director.
2. Authority review shall include a determination of "public benefit" consistent with Section 6.2.1 of this document, a review of the likely impacts on existing infrastructure and operations capability, and the applicability (if any) of additional Lease related fees.

T-Hangar Exclusion:

1. The activities associated with the lease of T-Hangars, Box Hangars or Port-a-Port Hangars shall be exempt from the provisions of this Section.
2. The Executive Director is specifically authorized to enter into any T-Hangar type lease on behalf of the Authority without additional approval of the Authority.

Aviation Office Space Exclusion:

1. The activities associated with the lease of small aviation office space shall be exempt from the provisions of this Section.
2. The Executive Director is specifically authorized to enter into any office space lease of 500 sq. ft. or smaller at prevailing market rates, on behalf of the Authority without additional approval of the Authority.

ADMINISTRATIVE: *None*

8.3 RECORDKEEPING -

It shall be the policy of the St. Augustine – St. Johns County Airport Authority that detailed records pertaining to leases of airport property shall be maintained.

Implementation Procedure

1. All leases shall have a minimum of three paper files established, as follows:
 - i. Lease Documents
 - ii. Accounting
 - iii. Lease correspondence
2. File specific contents are included as Exhibit 8.2
3. All Leases shall have electronic data file established which will represent the current status of the lease including, baseline information on tenant, accounts receivables, pending lease actions, development plan status, date of last entry and date of next review of lease.
4. At intervals not exceeding one month, all leases will be reviewed through use of the electronic data file for the purposes of status review.
5. On an annual basis, all paper files will be reviewed for the purposes of determining proper order of documents, status of lease, insurance, completeness and overall integrity of files.
6. File contents or records no longer deemed necessary will be disposed of in accordance with the requirements associated with state and local public records law.
7. Leases which have expired or have otherwise been terminated will be purged and dead filed for a period of not less than three (3) years at the department office. Upon expiration of the three year period, dead file lease records may be disposed of in accordance with Florida Statutes.
8. Original signature or one-of-a-kind documents shall not be removed from the controlling office premises without approval of the Executive Director and then only when an executed control document has been provided and placed in the normal location of the removed file. The control document shall identify the file name, file contents, name and phone number of the responsible party and location of file when outside of direct Authority control.

ADMINISTRATIVE: Reference made to "File Contents" Exhibit 8.2.

File Contents

AIRPORT PROPERTY LEASES FILE ORGANIZATION

LOCATION OF LEASE FILES

All airport lease files shall be permanently located in Airport Administration Offices.

MINIMUM FILE CONTENTS

File Name: LEASE DOCUMENTS, Lot# or Address and Lessee's Name.

This file is intended to contain only recorded or original signature copies of lease related documents, as follows:

Left Side of File -

Arranged in Chronological Order, Most Recent Document on Top:

1. Original Signature Lease, including any attachments
2. Recorded Copy of Lease, including any recorded attachments
3. Assignment of Lease (if any)
4. Lease Amendments (if any)

Right Side of File -

Arranged in Chronological Order, Most Recent Document on Top:

1. Consent to Mortgage
2. Current Certificate of Insurance
3. Any other recorded or original signature lease document.

Loose in File -

File Contents Inventory Sheet, reflecting entire contents of file.

File Name: ACCOUNTING, Lot # or Address and Lessee's Name.

This file is intended to contain all financial records pertaining to the designated lease agreement, including:

Left Side of File -

Arranged in Chronological Order, Most Recent Document on Top:

1. Ledger Sheets, for each fiscal year of lease.
2. Copy of first invoice reflecting Escrow Funds Held by Authority, if any.

Exhibit 8.2

Right Side of File -

Arranged in Chronological Order, Most Recent Document on Top:

1. Copy of any and all Collection Letters.
2. Copy of Change of Lease Amount Correspondence which would explain any change in Ledger Sheet/Invoice Amount.

Loose in File -

File Contents Inventory Sheet, reflecting entire contents of file.

File Name: CORRESPONDENCE TO NOTE, Lot # or Address and Lessee's Name.

Left Side of File -

Arranged in Chronological Order, Most Recent Document on Top:

1. Overflow Copies of all lease related correspondence.

Right Side of File -

Arranged in Chronological Order, Most Recent Document on Top:

1. Copies of all lease related correspondence.

Loose in File -

File Contents Inventory Sheet, reflecting entire contents of file.

8.4 LEASE DOCUMENT MODIFICATIONS -

The St. Augustine – St. Johns County Airport Authority herein acknowledges that leases of airport property shall occasionally require document modifications and the consideration of requests or approvals promulgated by both the Authority and the Lessees.

Implementation Procedure

1. To affect this policy, standard form documents approved by the Authority's Attorney shall be prepared and utilized whenever possible.
2. All Lessee requests for items such as, Lease Amendments, Sub-Lessee Approval, etc., shall be promptly processed by staff using approved standard forms and shall be prepared for inclusion on the appropriate Airport Authority agenda.
3. Lessee requests for Lease Assignments consent to Mortgage or Exercise of Options shall be processed and approved by the Executive Director.
4. When standard form documents are not utilized due to the particulars of the request or need, the document(s) shall be reviewed by the Authority's Attorney prior to action by the Airport Authority or the Executive Director and shall be subject to modification, as necessary.
5. Once Airport Authority action and recording efforts are completed, a single recorded copy of the document(s) shall be placed in the appropriate file.

ADMINISTRATIVE: *None.*

8.5 APPRAISALS -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that all Authority owned aviation use buildings, exclusive of T-Hangar Type Buildings, proposed for lease shall have the fair market value (FMV) established.

Implementation Procedures

NEW and EXISTING FACILITIES

1. Appraisals shall be facilitated through contractual arrangement utilizing a Certified Appraiser. Aviation Appraisals will be made by a firm specializing or having specific experience in aviation related properties.
2. All appraisals will be developed utilizing "Member of Appraisal Institute" (MAI) techniques and will be representative of actual market-based values appropriate for the proposed use, with a minimum of three (3) comparatives utilization.
3. Appraisals shall be less than three (3) years old or adequate documentation shall be provided by the "appraiser of record" indicating that market conditions and other assumptions made in the development of the appraisal are still valid and the FMV determination is representative.
4. Appraisal contract terms shall indicate whether improvements such as utilities and/or roads are to be considered in determining the FMV. The appraisal document will indicate whether improvements were considered.
5. Improvements such as roads and utilities shall be included in the determination of FMV unless such improvements are proposed to be funded or have been funded by other than airport property revenues and noted appropriately within the specific lease agreement.
6. Improvements which are or will be donated to the Authority or for which an agreement for maintenance has been authorized, shall be included in the determination of FMV effective upon the commencement date specified in the authorization/acceptance document(s).
7. Fair Market Value determinations shall be exclusive of sales tax.

8.6 SURVEYS -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that proponents of all leases of non-platted airport property shall provide the Authority with a boundary and "as-built" survey on the leasehold.

Implementation Procedure

1. All current land surveys will be made by licensed, State of Florida registered land surveyors and will bear appropriate endorsements on all documents provided.
2. Land surveys will become a part of official lease records and files appropriately for their size.
3. Surveys shall be due to the Authority upon completion of first phase construction, or at the issuance of a Certificate of Occupancy from the Authority, whichever occurs first.

ADMINISTRATIVE: *None*

8.7 IN-KIND SERVICES -

It shall be the policy of the St. Augustine – St. Johns County Airport Authority that the in-kind lease of airport property represents an income to the Airport equating to a minimum of the established Fair Market Rental Value (FMRV) of the covered property.

Implementation Procedure

1. To affect this policy, all property proposed for lease shall be appraised in advance of initial lease execution to determine the appropriate fair market value (FMV). All appraisals and related determinations shall be governed by Policies 6.0 through 8.0 described in this document.
2. The minimum rental rate shall equate to seven percent (7%) of the FMV established and consistent with Policies 6.0 through 8.0 and described elsewhere in this document.
3. The in-kind services proposed shall be in an appropriate unit of value, i.e., hours, units, etc... with a value per unit of service/goods established that generally equates with the average rate of charge per unit of service/goods provided. When appropriate to the unit of measurement, not less than three (3) comparable units will be used in determining the average. The minimum rental rate shall be derived and appropriately documented by dividing the FMRV by the unit(s) dollar value; the resultant number of units to be provided shall be the minimum rental units accepted.
4. In-Kind Leases shall have the net effect of benefiting the Airport.
5. Documentation of actual receipt of identified in-kind goods/services as well as the back up documents showing calculation of in-kind value shall be included in appropriate lease files.
6. Long term leases shall include provisions for periodic review in increments not to exceed five (5) years for the purposes of re-establishing FMV and corresponding FMRV established in accordance with Section 8.5 of this document.
7. All revenues/goods/services derived as a result of this policy shall inure to the benefit of the Airport.

ADMINISTRATIVE: None.

8.8 RENTAL ADJUSTMENTS DURING LEASE TERM -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that leases shall be revenue producing at Fair Market Value.

Implementation Procedure

1. To affect this policy, all aviation property shall be appraised in advance of initial lease execution to determine the appropriate Fair Market Value (FMV). All appraisals and related determinations shall be governed by Section 8.5 described in this document.
2. The minimum rental rate for land shall equate to the appropriate FMRV as described in Sections 6 through 8 of this document.
3. Minimum rental rates may be derived through the combination of the actual ground lease, building lease and appropriate privilege fees established for the Lease provided that the lease language reflects the method employed.
4. All revenues derived as a result of this policy shall inure to the benefit of the Airport.
5. Documentation of actual receipt of identified rentals and/or fees shall be included in appropriate lease files.
6. Long Term Leases shall include provisions for periodic review in increments not to exceed five (5) years for the purposes of re-establishing FMV and corresponding FMRV established in accordance with Section 8.5 of this document.

ADMINISTRATIVE: *None.*

8.9 DEVELOPMENT & OPERATING RULES AND REGULATIONS -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority that proposed leases shall be subject to rules and regulations deemed necessary and prudent in the administration of leases and airport property. Such rules and regulations may be amended from time to time by the St. Augustine – St. Johns County Airport Authority and shall be adequately communicated to effected parties.

Implementation Procedure

1. To affect this policy, rules and regulations pursuant to the development of leasehold and necessary operating requirements shall be presented to the St. Augustine - St. Johns County Airport Authority for approval.
2. All amended rules and regulations will be provided to tenants via hand delivery or regular mail. A receipt of the transmittal will be retained and made a part of the Lessee's lot record as evidence of adequate notice. Unless declared an emergency by the St. Augustine - St. Johns County Airport Authority, all amendments to rules and regulations shall take effect on the date adopted by the Authority and in the manner prescribed.
3. Proposed Lessees will reference the most current set of rules and regulations in affect.

ADMINISTRATIVE: *None at this time.*

8.10 LATE FEES AND EVICTIONS – T-HANGARS –

It shall be the Policy of the St. Augustine – St. Johns County Airport Authority that a uniform policy regarding the collection of late fees and the termination of individual hangar lease agreements and month-to-month arrangements shall be effectuated.

Implementation Procedure

1. LATE PAYMENT OF RENTAL FEES – It shall be the Policy of the St. Augustine – St. Johns County Airport Authority to impose a Late Fee of \$25.00 per month to be applicable to all accounts held in arrears and otherwise remaining unpaid on the 10th Day of the Month the Rental or Lease Amount is due. This Policy shall be applied to all Rentals and Leases of T-Hangars, Box Hangars and all other Short-term arrangements for Hangar Space. Long-term lease arrangements are excluded from this Policy as these agreements are covered by the individual terms of the specific document covering the rental.
2. EVICTION OF TENANTS FOR NONPAYMENT – It shall be the Policy of the St. Augustine – St. Johns County Airport Authority that following a period of thirty (30) days during which a tenant account is found to be in arrears, said tenant may be evicted and the premises reclaimed by the Authority for the purposes of immediate re-rental. Any such eviction for nonpayment of rental and/or late fees may be made forcibly and without available recourse to the tenant so evicted.
3. Any tenant evicted due to rental or fee delinquency shall not be eligible to rent hangar space from the Authority for a period not less than one (1) year after the date of issuance of an eviction order by the Authority or their designated representatives.
4. PREVIOUS POLICY – This Policy shall supersede and otherwise cancel any previous policies duly adopted by the St. Augustine – St. Johns County Airport Authority covering the matter of late fees and evictions relative to short-term hangar rentals with an effective or adoption date prior to that indicated herein declared to be November 17th, 2003.

ADMINISTRATIVE: *None at this time.*

8.11 T-HANGAR LOCK SYSTEM -

It shall be the policy of the St. Augustine - St. Johns County Airport Authority to provide a uniform method of security for all non-conventional hangars owned and operated by the Authority which affects a program of reasonable security, key control, emergency and maintenance access, inspection, and implementation.

Implementation Procedure

1. All T-hangars, Port-a-port and Box Hangars shall utilize a lock which is consistent with the stated purpose of this Policy. A single, master keyed, pad lock selected by the Executive Director shall be the sole method of securing Authority owned and operated non-conventional type hangar facilities at the St. Augustine Airport.
2. The Executive Director shall develop procedures for the control of all "master" keys pertaining to the implementation of this Policy.
3. Lease agreements executed after the effective date shall be subject to a one-time lock acquisition charge approximating the actual retail cost of the lock. Such charge shall be deemed payable at the time of initial hangar occupancy.
4. Any person willfully destroying or rendering inoperable a lock provided and required herein shall immediately replace such lock with another Authority provided unit. The replacement cost associated with such replacement shall be borne entirely by the tenant at a rate of two-times the retail lock cost. The refusal to place and/or pay for a replacement lock or the necessity of two or more replacement locks in a lease year shall be grounds for immediate lease termination or non-renewal without additional appeal or recourse. Further, the cost of a replacement lock shall be deducted from the next applicable hangar lease payment prior to the crediting of the lease payment.

ADMINISTRATIVE: *None at this time.*

8.12 PERSONAL GUARANTIES –

To prevent overdue or past due rents from becoming potentially unrecoverable and to assist in the potential collection of related damages, the Authority adopts the following method of requiring personal guaranties in connection with all leases.

Implementation Procedure

1. All leases executed after the effective date of this policy shall be required to execute a personal guarantee or like statement as a prerequisite for Authority approval.
2. Leases executed as an individual or on behalf of a sole proprietorship business shall be excluded from this requirement.
3. At the time of any lease renewal, leases shall be brought into conformance with this requirement.
4. Subject to Authority ratification, the Executive Director may recommend waiver of this requirement for businesses deemed financially capable or otherwise having established a satisfactory lease history or investment with the Authority.

ADMINISTRATIVE: *None*

8.13 APPEAL OF ADMINISTRATIVE DECISIONS -

To provide a uniform method of appeal for any aggrieved party relative to administrative decisions pursuant to this policy, the Authority adopts the following policy.

Implementation Procedure

1. An person or entity adversely affected of any final decision of the Executive Director, or his designee, may request to be heard as an agenda item before the Authority by submitting a Written Appeal Statement within thirty (30) days of the Executive Director's decision.
2. The Written Appeal Statement shall set forth the following: the background facts, issue in dispute or nature of the dispute, the decision of the Executive Director, the date of the Executive Director's decision, the relief requested, and the facts and circumstances warranting the relief requested and/or supporting a reversal of the Executive Director's decision. Every Written Appeal Statement shall include as attachments any and all documents (i.e., letters, contracts, etc.) related to the matter to be appealed.
3. Upon receipt of a completed Written Appeal Statement the Executive Director shall add the issue to the next reasonably available Authority regular meeting. Should any Written Appeal Statement be incomplete, the Executive Director shall notify the appellant in writing.
4. At a regular meeting of the Authority whereupon a Written Appeal Statement is an agenda item, the Authority shall first review the Written Appeal Statement and determine whether to hear the appeal. If there is no affirmative vote to hear the appeal, the appeal and Written Appeal Statement shall be deemed denied and the decision of the Executive Director shall stand. Should the Authority hear an appeal, the Authority shall retain all rights to grant or deny any appeal even after hearing further evidence or argument in support of the appeal.

ADMINISTRATIVE: *None at this time.*

9. APPENDICES

9.1 GRANT ASSURANCES

Assurances

1. General.

- a. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
- b. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
- c. Upon acceptance of the grant offer by the sponsor, these assurances are incorporated in and become part of the grant agreement.

2. Duration and Applicability.

- a. Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor. The terms, conditions and assurances of the grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.
- b. Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor. The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

- c. Airport Planning Undertaken by a Sponsor. Unless otherwise specified in the grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 30, 32, 33, and 34 in section C apply to planning projects. The terms, conditions, and assurances of the grant agreement shall remain in full force and effect during the life of the project.

3. **Sponsor Certification.**

The sponsor hereby assures and certifies, with respect to this grant that:

- a. **General Federal Requirements.** It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

Federal Legislation

- Title 49, U.S.C., subtitle VII, as amended.
- Davis-Bacon Act - 40 U.S.C. 276(a), et seq.¹
- Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- Hatch Act - 5 U.S.C. 1501, et seq.²
- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.¹²
- National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).¹
- Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.¹
- Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
- Clean Air Act, P.L. 90-148, as amended.
- Coastal Zone Management Act, P.L. 93-205, as amended.
- Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.¹
- Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
- Rehabilitation Act of 1973 - 29 U.S.C. 794.
- Civil Rights Act of 1964 - Title VI - 42 U.S.C. 2000d through d-4.
- Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- American Indian Religious Freedom Act, P.L. 95-341, as amended.

- Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.¹
- Power plant and Industrial Fuel Use Act of 1978 Section 403- 2 U.S.C. 8373.¹
- Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.¹
- Copeland Ant kickback Act - 18 U.S.C. 874.¹
- Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.²
- Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.

Executive Orders

- Executive Order 11246 - Equal Employment Opportunity¹
- Executive Order 11990 - Protection of Wetlands
- Executive Order 11998 - Flood Plain Management
- Executive Order 12372 - Intergovernmental Review of Federal Programs.
- Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction¹
- Executive Order 12898 - Environmental Justice

Federal Regulations

- 14 CFR Part 13 - Investigative and Enforcement Procedures.
- 14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- 14 CFR Part 150 - Airport noise compatibility planning.
- 29 CFR Part 1- Procedures for predetermination of wage rates.¹
- 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.¹
- 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).¹

- 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).¹
- 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.³
- 49 CFR Part 20 - New restrictions on lobbying.
- 49 CFR Part 21 - Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- 49 CFR Part 23 - Participation by Disadvantaged Business Enterprise in Airport Concessions.
- 49 CFR Part 24 - Uniform relocation assistance and real property acquisition for Federal and federally assisted programs.¹²
- 49 CFR Part 26 - Participation by Disadvantaged Business Enterprises in Department of Transportation Programs.
- 49 CFR Part 27 - Nondiscrimination on the basis of handicap in programs and activities receiving or benefiting from Federal financial assistance.¹
- 49 CFR Part 29 - Government wide debarment and suspension (non-procurement) and government wide requirements for drug-free workplace (grants).
- 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.¹

Office of Management and Budget Circulars

- A-87 - Cost Principles Applicable to Grants and Contracts with State and Local Governments.
- A-133 - Audits of States, Local Governments, and Non-Profit Organizations.

¹These laws do not apply to airport planning sponsors.

²These laws do not apply to private sponsors.

³49 CFR Part 18 and OMB Circular A-87 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in the grant agreement.

b. Responsibility and Authority of the Sponsor.

1. Public Agency Sponsor: It has legal authority to apply for the grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
2. Private Sponsor: It has legal authority to apply for the grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

c. Sponsor Fund Availability: It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under the grant agreement which it will own or control.

d. Good Title.

1. If, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.
2. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory

to the secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

e. Preserving Rights and Powers.

1. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in the grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
2. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in the grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of the grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.
3. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
4. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this

agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.

5. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
 6. If an arrangement is made for management and operation of the Airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in the grant agreement and shall insure that such arrangement also requires compliance therewith.
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- f. Consistency with Local Plans: The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the Airport.
 - g. Consideration of Local Interest: It has given fair consideration to the interest of communities in or near where the project may be located.
 - h. Consultation with Users: In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.
 - i. Public Hearings: In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.
 - j. Air and Water Quality Standards: In projects involving airport location, a major runway extension; or runway location It will provide for the Governor of the state in which the project is located

to certify in writing to the Secretary that the project will be located, designed, constructed, and operated so as to comply with applicable air and water quality standards. In any case where such standards have not been approved and where applicable air and water quality standards have been promulgated by the Administrator of the Environmental Protection Agency, certification shall be obtained from such Administrator. Notice of certification or refusal to certify shall be provided within sixty days after the project application has been received by the Secretary.

- k. Pavement Preventive Maintenance: With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the Airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the Airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.
- l. Terminal Development Prerequisites: For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.
- m. Accounting System, Audit, and Record Keeping Requirements:
 - 1. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of the grant, the total cost of the project in connection with which the grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
 - 2. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to the grant. The Secretary may require

that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which the grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

- n. Minimum Wage Rates: It shall include, in all contracts in excess of \$2,000 for work on any projects funded under the grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.
- o. Veteran's Preference: It shall include in all contracts for work on any project funded under the grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Veterans of the Vietnam era and disabled veteran as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.
- p. Conformity to Plans and Specifications: It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into the grant agreement.
- q. Construction Inspection and Approval: It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress

reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.

r. Planning Projects: In carrying out planning projects:

1. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
2. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
3. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
4. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
5. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.
6. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
7. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
8. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

s. Operation and Maintenance:

1. The Airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would

interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for:

- (1) Operating the Airport's aeronautical facilities whenever required;
- (2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
- (3) Promptly notifying airmen of any condition affecting aeronautical use of the Airport.

Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.

2. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.
- t. Hazard Removal and Mitigation: It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.
- u. Compatible Land Use: It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

v. Economic Nondiscrimination:

1. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, lands and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
2. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to:
 - (1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof; and
 - (2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
3. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
4. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such Airport.
5. Each air carrier using such airport (whether as a tenant, nontenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.

6. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
 7. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
 8. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the Airport as may be necessary for the safe and efficient operation of the Airport.
 9. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the Airport if such action is necessary for the safe operation of the Airport or necessary to serve the civil aviation needs of the public.
- w. Exclusive Rights: It will permit no exclusive right for the use of the Airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply;
1. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
 2. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport.

It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

- x. Fee and Rental Structure: It will maintain a fee and rental structure for the facilities and services at the Airport which will make the Airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under Title 49, United States Code, the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate basis in establishing fees, rates, and charges for users of that airport.
- y. Airport Revenues:
 - 1. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the Airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. Provided, however, that If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the Airport owner or operator's facilities, including the airport, to support not only the Airport but also the Airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the Airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.
 - 2. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion

concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.

3. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

z. Reports and Inspections: It will:

1. Submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
2. For Airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
3. For noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of the grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and
4. In a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - (1) all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - (2) all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

- aa. Use by Government Aircraft: It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other

aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that:

1. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or
 2. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.
- bb. Land for Federal Facilities: It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.
- cc. Airport Layout Plan:
1. It will keep up to date at all times an airport layout plan of the airport showing (1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto; (2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing Airport facilities; and (3) the location of all existing and proposed non-aviation areas and of all existing improvements thereon. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the

Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.

2. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities.

- dd. Civil Rights: It will comply with such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from funds received from this grant. This assurance obligates the sponsor for the period during which Federal financial assistance is extended to the program, except where Federal financial assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon in which case the assurance obligates the sponsor or any transferee for the longer of the following periods: (a) the period during which the property is used for a purpose for which Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits, or (b) the period during which the sponsor retains ownership or possession of the property.

- ee. Disposal of Land:

1. For land purchased under a grant for airport noise compatibility purposes, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will, at the discretion of the Secretary, 1) be paid to the Secretary for deposit in the Trust Fund, or 2) be reinvested in an approved noise compatibility project as prescribed by the Secretary.

2. (1) For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land, That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (a) upon application to the Secretary, be reinvested in another eligible airport improvement project or projects approved by the Secretary at that airport or within the national airport system, or (b) be paid to the Secretary for deposit in the Trust Fund if no eligible project exists.
 3. (2) Land shall be considered to be needed for airport purposes under this assurance if (a) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (b) the revenue from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.
 4. Disposition of such land under (a) or (b) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.
- ff. Engineering and Design Services: It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.
- gg. Foreign Market Restrictions: It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as

denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

- hh. Policies, Standards, and Specifications: It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects, dated July 1, 1999 and included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.
- ii. Relocation and Real Property Acquisition: (1) It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B. (2) It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24. (3) It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.
- jj. Access By Intercity Buses: The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport, however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.
- kk. Disadvantaged Business Enterprises: The recipient shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Recipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non discrimination in the award and administration of DOT-assisted contracts. The recipient's DBE program, as required by 49 CFR Part 26, and as approved by DOT, is incorporated by reference in this agreement, Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient, of its failure to carry out its approved program, the Department may impose sanctions as provided for under Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801).

9.2 ST. AUGUSTINE AIRPORT MINIMUM COMMERCIAL AVIATION OPERATING STANDARDS

PART I - PREAMBLE AND SCOPE

The responsibility for the operation and administration of the St. Augustine Airport “(Airport)” is with the St. Augustine – St. Johns County Airport Authority (Authority) through the Executive Director (“Director”).

These Minimum Commercial Aviation Operating Standards are applicable to all Persons providing commercial aeronautical or aviation related activities or services to the public at the Airport and were developed taking into consideration the aviation role of the Airport, currently existing Airport facilities and services, planned development for the Airport, and promotion of fair and uniform competition taking into account existing providers of services and commodities so as to avoid conferring any unfair advantage. All persons desiring to conduct commercial aeronautical or aviation related activities or services at the St. Augustine Airport are required to have in place a written operating agreement or a composite lease/operating agreement detailing their respective compliance with this document and policy direction.

An important exclusion to these standards surrounds the provision of “scheduled” commercial airline service conducted under FAR Part 135 or Part 121. Airline agreements are presumed to be negotiated separately from other commercial operating standards.

These Minimum Operating Standards are intended to be the threshold requirements for those desiring to provide commercial aeronautical or aviation related services to the public at the Airport in accordance with the rules and regulations of the Federal Aviation Administration (“FAA”), restrictions of public record, and other Policies of the Authority.¹

PART II - DEFINITIONS

“Aeronautical Activity” or “Aeronautical Service” shall refer to any activity or service conducted at the Airport that involves, makes possible, or is required for the operation of Aircraft, or which contributes to or is required for the safety of such operations. These activities include, but are not limited to, Air Taxi and Charter operations, Aircraft fueling, Aircraft storage, Flight Training, Aircraft Rental, Aircraft Sales, Aircraft repair and maintenance, sightseeing, aerial photography, crop dusting, aerial advertising, aerial surveying, air carrier operations, sale of Aircraft parts, sale and maintenance of Aircraft accessories, radio, communication and navigational equipment, Flying Clubs and any other aeronautical or aviation related activity.

“Agreement” shall refer to the written agreement between the Authority and an Operator specifying the terms and conditions under which the Operator may conduct any Aeronautical Activity or perform any Aeronautical Service. Such Agreement shall recite the terms and conditions under which the activity or service will be conducted at the Airport including, but not limited to, term of the Agreement, rents, fees and charges to be paid, and the rights and obligations of the respective parties.

“Aircraft”. The term Aircraft shall be construed broadly to include any device used or designed for navigation or flight in the air, regardless of FAA registration or licensure, including, but not limited to, airplanes, gliders, helicopters, gyrocopters, ultralights, balloons, and blimps.

¹ \ These Standards are subject to change by the Authority pursuant to notice and public meeting.

“Air Charter” or “Air Taxi” shall refer to the operation of providing air transportation of person(s) and/or property for hire thru either a charter or air taxi operator in accordance with Federal Aviation Regulations contained at 14 CFR Part 121 or 135.

“Aircraft Fuel” shall refer to all flammable liquids composed of a mixture of hydrocarbons expressly manufactured or blended for the purpose of operating an internal combustion, jet or turbine engine.

“Aircraft Operation” shall refer to the movement of any Aircraft on Airport property and including, without limitation, the landing, take-off, and taxing of Aircraft at the Airport.

“Aircraft Owner” shall refer to the person(s) and/or entity(ies) holding legal title to an Aircraft and including person(s) and/or entity(ies) having exclusive and lawful possession of an Aircraft.

“Aircraft Rental” or “Aircraft Leasing” shall refer to the operation of renting or leasing Aircraft to the public.

“Aircraft Sales” shall refer to the sale of new or used Aircraft through brokerage, ownership, franchise, distributorship or dealership.

“Aircraft Storage” shall refer to the temporary or long-term parking or storage of Aircraft and as further confined to within those areas of the Airport depicted on the Airport Layout Plan or as expressly permitted by the Director in writing and subject to all terms and conditions imposed thereon.

“Airfield Operations Areas” or “AOA” shall refer to any area of the Airport used or intended to be used for landing, takeoff, or the surface maneuvering of Aircraft.

“Airframe and Power Plant Maintenance” shall refer to the commercial operation of providing airframe and power plant services, which include the service, repair, maintenance, inspection, construction or making modifications or alterations to Aircraft engines, propellers and appliances including the removal of engines for major overhaul as defined in 14 CFR Part 43, and further includes the sales of Aircraft parts.

“Airframe and Power Plant Mechanic” or “A&P” shall refer to any Person who holds an Aircraft mechanic certificate with both airframe and power plant ratings as authorized and described in 14 CFR Part 65.

“Airport” shall refer to St. Augustine Airport and includes all Authority owned or leased real or personal property, buildings, facilities and improvements within the boundaries of said Airport, as it presently exists or as it may exist when it is hereafter modified, expanded or developed, and which also includes all of its facilities as shown on the most current Airport Layout Plan.

“Airport Director” or “Executive Director” shall refer to the individual appointed and authorized by the Authority to administer and manage all operations of the Airport and Airport facilities, and to supervise all Airport projects.

“Airport Layout Plan” or “ALP” shall refer to the most recently approved plan or drawing depicting the physical layout of the Airport and identifying the location and configuration of current runways, taxiways, buildings, roadways, utilities, NAVAIDS, etc. The ALP is a component of the Airport’s Master Plan.

“Avionics Sales and Maintenance” shall refer to the operation of providing for the repair and service, or installation of Aircraft radios, instruments, and related accessories, and which operations may include the sale of new or used Aircraft radios, instruments, and related accessories.

“Based Aircraft” shall refer to any Aircraft which the Aircraft Owner physically locates or stores at the Airport, and whenever absent from the Airport, its owner intends to return the Aircraft to the Airport for storage.

“Building” shall refer to any existing or planned facility, hangar, or T-Hangar of steel, concrete, concrete block, or substantial metal construction on a concrete foundation, affixed to land within the Airport, and at such location as has been duly approved by the Authority. The erection, construction or expansion of any Building after adoption of these Standards shall be pursuant to all applicable zoning regulations and building codes.

“Commercial Operator” or “Operator” shall refer to any Person involved in any Aeronautical Activity or providing any Aeronautical Service within the Airport, or which contributes to, or is required for the safe conduct and utility of Aircraft Operations, the purpose of such activity being to generate or secure earnings, income, compensation, services, goods, like-kind exchange, or profit of any kind, whether or not such results are accomplished.

“County” shall refer to St. Johns County, Florida.

“Exclusive Right” shall refer to any power, privilege or other right excluding or debarring another from enjoying or exercising a like power, privilege or right. An Exclusive Right can be conferred either by express agreement, contract, license, lease, permit, the imposition of unreasonable standards or requirements or by any other means consistent with FAA rules, regulations or governing law.

“FAA” shall refer to the Federal Aviation Administration, a federal agency within the United States Department of Transportation which has primary responsibility over air travel and transportation within the United States.

“Fixed Base Operator” or “FBO” shall refer to any full service commercial aeronautical service provider that has the privilege to sell fuel and engages in a minimum of two (2) of the following secondary activities: airframe and power plant maintenance, flight training, aircraft rental, aircraft charter or air taxi, avionics sales and service and aircraft storage/tie-downs or sale of pilot supplies.

“Flight Training” shall refer to the commercial operation of instructing pilots in dual and solo flight, in fixed or rotary wing Aircraft, and related ground school instruction as necessary to complete a FAA written pilot’s examination and flight check ride for various categories of pilots licenses and ratings, and shall also include any portion of a flight between two or more airports or other destinations where the primary purpose is to increase or maintain pilot or crew member proficiency.

“Flying Club” shall refer to any non-commercial and non-profit entity organized for the purpose of providing its members with Aircraft for their personal use and enjoyment. Aircraft must be vested in the name of the Flying Club’s owners, on a pro-rata share, and the club may not derive greater revenue from the use of the Aircraft than the cost to operate, maintain and replace the Aircraft.

“Fueling” or “Fuel Handling” shall refer to the transportation, sale, delivery, dispensing, storage or draining of Fuel or fuel waste products to or from any Aircraft, vehicles or equipment.

“Fuel Storage Area” shall refer to any portion of the Airport designated temporarily or permanently by the Director as an area in which aviation, motor vehicle gasoline or any other type of fuel or fuel additive may be stored or loaded

“General Aviation” shall refer to all phases of aviation other than military aviation and scheduled or commercial air carrier operations.

“Hazardous Material” shall refer to any substance, waste or material which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is or becomes regulated as a hazardous material by any governmental authority, agency, department, commission, board or agency.

“Independent Contractor” or “Independent Operator” shall refer to any Person or operator offering a ‘single’ Aeronautical Service, but without an established place of business on the Airport. Such services may include, without limitation, detailing, prop balancing, maintenance and inspection. Independent Contractors (as this term is used interchangeably with “Independent Operators” for purposes of these Rules) shall be duly licensed or certificated as required for all work performed, maintain the required insurance, and fully comply with these Standards.

“Lease” shall refer to the written contract between the BCC and an Operator (Lessee) specifying the terms and conditions under which an Operator may occupy or operate from certain designated Airport facilities and/or property.

“Lessee” shall refer to any person(s) or entity(ies) who has entered into a Lease directly with the County regarding property located within the Airport.

“Master Plan” shall refer to the current master plan report and the scaled dimensional layout of the entire Airport, indicating current and proposed usage for each identifiable segment as approved by the Authority and the FAA.

“Minimum Operating Standards” or “Standards” shall refer to these qualifications, criteria, and standards established by the governing authority of the Airport as the minimum requirements that shall be met by all Commercial Operators within the Airport.

“Non-aeronautical Lease” shall refer to any Lease of Airport property that does not have access to the AOA and does not need to be close to the flight line in order to operate.

“Permit” shall refer to any administrative approval issued by the Director to any Person to conduct any Aeronautical Activity or provide any Aeronautical Service, on a temporary basis, and under such terms, conditions and duration as may be imposed and strictly limited to such location or locations as authorized.

“Person” as used in these Standards shall refer to any individual or individuals, corporation, firm, partnership, association, organization and any other group acting as an entity, or combination thereof, and further includes any trustee, receiver, assignee or similar representative thereof.

“Preventive Aircraft Maintenance” shall refer to any maintenance that is not considered a major Aircraft alteration or repair and does not involve complex assembly operations as listed in 14 CFR Part 43, except for Item 22 in the Regulation (Item 22 involves the replacement of prefabricated fuel lines, and shall, for the purposes of these regulations, be considered a major Aircraft repair).

“Roadway” shall refer to any street or road, whether improved or unimproved, within the boundaries of the Airport and designated for use by ground vehicles.

“Rules and Regulations” or “Rules” shall refer to the rules and regulations approved by the Authority and as such Rules may be amended from time to time. The Rules shall apply to all Persons operating under or pursuant to these Standards.

“Self-Service” shall refer to the refueling, repair, preventive maintenance, towing, adjustment, cleaning and/or other general services of any Aircraft performed by an Aircraft Owner, or by such direct employee(s) of an Aircraft Owner with resources supplied by the Aircraft Owner.

“Specialized Aviation Service Operation” or “SASO” shall refer to any aeronautical or aviation related business that offers a single or limited Aeronautical Service that does not include fueling. Examples of a SASO include, but are not limited to, Flight Training, Aircraft maintenance, Air charter, Air Taxi, Aircraft Sales, Aircraft Rental, Avionics Sales and Maintenance, Aircraft Storage, and sale of pilot supplies.

“Sublease” shall refer to any written agreement, approved by the Authority stating the terms and conditions under which a third party Operator leases space from a Lessee for the purpose of providing Aeronautical Activities or Services at or within the Airport.

“Taxilane” shall refer to those portions of the Airport apron area, or any other area, used for access between taxiways and Aircraft parking or storage areas.

“Taxiway” shall refer to those defined paths established for the taxiing of Aircraft from one part of the Airport to another.

“UNICOM” shall refer to any two-way communication system that provides Airport advisory information.

“Variance” shall refer to any approved deviation from the requirements of these Minimum Operating Standards as provided herein.

“Vehicle Parking Area” shall refer to any portion of the Airport designated and made available temporarily or permanently by the Director for the parking of vehicles.

PART III - QUALIFICATIONS FOR OPERATORS

1. Any Person desiring to conduct to do business as an Operator within the Airport, unless exempted hereunder, shall make written application to the Director. The Applicant (prospective Operator) shall provide in connection with the Application, at a minimum, the following:

- a. A detailed description of the scope of the proposed operation, a detailed description of the means and methods to be employed to accomplish the intended operation, and a proposed date for commencement of said activities or services.
- b. The amount of land or building space desired to be used or occupied.
- c. Preliminary plans, specifications and dates for any improvements that the Applicant intends to make on the Airport as part of the activity for which approval is sought.
- d. A listing of current or proposed assets that will be used in the business on the Airport.
- e. Periods (days and hours) of proposed operation.
- f. The current financial statement, together with financial projection for the first three years of operation, as prepared or certified by a Certified Public Accountant.
- g. The name, address, telephone number and e-mail address of the Applicant.
 - If the Applicant is a corporation, include the names, addresses and telephone numbers of the corporation’s officers and directors and the names and addresses of all shareholders having a ten (10%) percent or greater ownership interest in the Applicant.
 - If the Applicant is a partnership, include the names, addresses and telephone numbers of all general or limited partners having a ten (10%) percent or greater ownership interest in the Applicant.

- h. The name address and telephone number of any person who holds a controlling interest, directly or indirectly, in the entity which is making Application.
 - Applicants shall also disclose if any officer, director, partner or individual holding a controlling interest in the entity making Application is also an officer, director, partner or person holding a controlling interest in any activity presently located or operating within the Airport.
 - i. A sample signature must be provided for all parties whose names will appear on any lease, operating agreement, license, and/or permit.
 - j. The total number of persons to be employed by the proposed operation.
 - k. A current credit report for each party owning or having ten (10%) percent or more financial interest in the business and a credit report on the business itself covering all geographical areas in which it has done business in the ten-year period immediately prior to such application.
 - l. Copies of all licenses, certifications and permits processed by the Applicant and its key employees to be based at the leased premises that are necessary or required to perform the proposed services.
 - m. An agreement to provide bond or suitable guarantee of adequate funds to Airport to be used to defray any expenses and fees normally paid by the Operator between the estimated time the Operator may default and a new lease is executed and another Operator takes over.
 - n. A written authorization for the FAA, any aviation or aeronautics commissions, administrators and departments of all states in which the Applicant has engaged in aviation business to release information in their files relating to the Applicant or its operation [the Applicant will execute such forms, releases or releases as may be required by those agencies].
 - o. Copy(ies) of insurance company letter of intent of liability coverage for the business operation, flight operations, itinerant Aircraft and operators and premises insurance.
 - p. Amenities and methods used to attract new business.
 - q. A fully executed operating agreement or lease/operating agreement with the Authority shall be required of all based commercial users.
 - r. Any other information the Director may reasonably require to evaluate the application.
2. The following additional qualifications and requirements shall apply to all Persons desiring to operate an FBO at the St. Augustine Airport:
- a. The prospective FBO shall lease from the Authority no less than three (3) acres within the Airport, erect a hangar of not less than 10,000 square feet, provide for and maintain not less than 80,000 square feet of ramp area, provide for and maintain not less than 2,000 square feet of floor space for office, customer lounge, permanent rest rooms, public telephone facilities for customer use and telephone service connections to the Flight Service Station and/or the United States Weather Bureau.

- b. Leases for any prospective FBO shall be for such term and duration as mutually agreed upon between the parties with due consideration for similar operations at the Airport, the financial investment of the prospective FBO, amortization of that investment, the Airport's Master Plan and ALP, governing FAA regulations and deed restrictions, and with due consideration that the prospective FBO is not provided any unfair competitive advantage over the existing FBO Operator or Operators.
- c. The Person operating the prospective FBO shall have such business background and shall have demonstrated such business capability to the satisfaction of the Director. Such Person shall further demonstrate that they have adequate resources to realize the business objectives agreed to by the Director and the Applicant.

PART IV - APPLICATION PROCESS

1. All Applications will be reviewed and acted upon by the Director within ninety (90) days of receipt of the application.

2. Applications may be denied for one or more of the following reasons:

- a. The Applicant does not fully meet qualifications, standards and requirements established by these Minimum Operating Standards.
- b. The Applicant's proposed operation or construction would create a safety hazard on the Airport.
- c. The granting of the application will require the expenditure of local funds, labor or materials on the facilities described in or related to the application, or the operation will result in a financial loss to the Airport.
- d. There is no appropriate or adequate available space or building on the Airport to accommodate the entire activity of the Applicant at the time of application.
- e. The proposed operation, Airport development or construction does not comply with the any Land Use Ordinance, Airport Master Plan or Airport Layout Plan.
- f. The development or use of the area requested will result in a congestion of Aircraft or buildings, the overstress of existing facilities, or will result in unduly interfering with the operations of any present FBO on the Airport, such as problems in preventing free access and egress to the existing FBO area, or will result in depriving, without the proper economic study, an existing FBO of portions of its leased area in which it is operating.
- g. Any party applying, or interested in the business, has supplied false information, or has misrepresented any material fact in the application or in supporting documents, or has failed to make full disclosure on the application.
- h. Any party applying, or having an interest in the business, has a record of violating the Rules and Regulations of any other Airport, Civil Air Regulations, Federal Aviation Regulations or any other Rules and Regulations applicable to this or any other Airport.
- i. Any party applying, or having an interest in the business, has defaulted in the performance of any lease or other agreement with the Airport or any lease or other agreement at any other Airport.

- j. Any party applying, or having an interest in the business, is not sufficiently credit worthy and responsible in the judgment of the Director to provide and maintain the business to which the application relates and to promptly pay amounts due under the Lease.
- k. The Applicant does not have the finances necessary to conduct the proposed operation for a minimum period of six (6) months.
- l. The Applicant has failed to make full disclosure in the application or supporting documents or has made a false or misleading disclosure.
- m. The Applicant has committed a crime or violated a local ordinance, rule or regulation, which adversely reflects on its ability to conduct the Commercial Operation for which application is made.

PART V - APPEALS AND VARIANCES

1. This Part V only applies to pre-leasing or proposal activity. For appeals of decisions related to an existing lease, the reader is referred to the Administrative Appeal process in the Authority's Lease Policy, Section 8.2. The Authority shall hear appeals when it is alleged that there is an error in any order, requirement, decision or determination made by the Director in the interpretation or enforcement of these Minimum Operating Standards or of any other applicable rule or regulation. The Authority may, upon timely and proper application for appeal and following hearing, determine the decision be reversed or affirmed, wholly or partly, or recommend modifying the order, requirement, decision or determination made by the administrative official in the enforcement of this policy. The Authority shall have the final authority as to the disposition of any appeal.

2. Additionally, the Authority may, upon proper application for variance and following hearing, determine that a variance from the terms of this policy will not be contrary to the public interest when, due to special conditions, a literal enforcement of the provisions of the policy would result in an unnecessary and undue hardship. In order to authorize any variance from the terms of the policy, the Authority must find:

- a. That special conditions and circumstances exist which are peculiar to the land, structure or building involved and which are not applicable to other lands, structures or buildings of the same aviation use;
- b. That the special conditions and circumstances were not caused by or result from the actions of the Applicant;
- c. That granting the variance requested will not give the Applicant any special privilege that is denied by this policy to other lands, buildings or structures of the same aviation use;
- d. That literal interpretation of the provisions of the policy would deprive the Applicant of rights commonly enjoyed by other properties of the same aviation use under the terms of the policy and would result in an unnecessary and undue hardship on the Applicant;
- e. That the variance granted is the minimum variance that will make possible the reasonable use of the land, building or structure; and
- f. That the granting of the variance will be in harmony with the general intent and purpose of the Minimum Operating Standards or Lease Policy and that such

variance will not be injurious to the area involved or otherwise detrimental to public welfare.

3. The Authority may prescribe appropriate conditions and safeguards in conformity with the aviation use regulations. Violation of such conditions and safeguards, when made a part of the terms under which the variance is granted, shall be deemed a violation of the policy.

4. The Authority may prescribe a reasonable time limit within which the action for which the variance is required shall be started, completed or both.

5. No variance shall be granted to allow a use that would not otherwise be permitted.

6. Procedure for appeals and variances:

- a. Hearings - Appeals to the Authority for a hearing may be taken by any Person aggrieved by any decision or ruling of the Director or of the HCAA and which directly affects such Person. Said aggrieved Person must complete and file with the Director an application for appeal within thirty (30) days of such decision or ruling. Failure to file an appeal with the Director within said 30 days time period shall constitute a full waiver of such Person's right to appeal and, consequently, such decision or ruling shall become final and non-appealable. The Hearing shall be conducted under such rules and procedure as may be adopted by the Authority, from time to time.

Application for an Appeal or Variance - The application (in such form or forms as prescribed) for an appeal or variance shall be completed, duly signed, and filed with the Director. Any Person requesting an appeal or variance shall submit any additional data pertinent to their request with their application filed with the Director. The Authority shall hear requests for variances in the same manner as appeals.

- c. Final Action by Authority – The Authority may affirm, reverse, or modify, in whole or part, the decision of the Director. The action and written decision of the Authority shall constitute final agency action for purposes of any judicial appeal.

7. Required notice for appeals and variances: The Director shall send notice setting forth the time, place and purpose of the hearing to the interested parties. Notice shall be sent by facsimile or certified mail to the owner's facsimile number or address of record maintained by the Director no later than seven (7) days prior to the scheduled hearing date. The Director shall maintain a copy of the facsimile confirmation or mailing certification as evidence of compliance with this section.

PART VI - MINIMUM OPERATING STANDARDS

SUBPART A - Fixed Based Operators

1. Purpose/Objective:

To establish minimum operating standards for all Fixed Based Operators within the Airport.

2. Minimum Operating Standards for Fixed Based Operators:

- a.** Each FBO shall have his premises open and services available 7:00 a.m. to 10:00 p.m., 7 days a week, and shall make provision for at least one qualified and trained individual to be in attendance in the office at all times during the required operating hours. Emergency "on call" service will be provided during off duty hours.
- b.** Each FBO shall conduct its operations on no less than three (3) acres, provide for not less than 10,000 square feet of hangar space, provide for not less than 80,000 square feet of ramp area space, and provide for no less than 2,000 square feet of floor space for office, customer lounge, and permanent rest rooms.
- c.** Each FBO shall provide public telephone facilities for customer use and telephone service connections to the Flight Service Station and/or the United States Weather Bureau.
- d.** Each FBO shall ensure that the piling and storage of crates, boxes, barrels and other containers will not be permitted within the leased premises.
- e.** Each FBO shall provide, directly or by approved subcontractor, the following:
 - i.** Aircraft guidance on the ramp
 - ii.** Aircraft parking and tie-down services
 - iii.** Retail aviation fuel sales
 - iv.** Aircraft Charters
 - v.** Aircraft Maintenance services
 - vi.** Basic Flight Training
 - iv.** Ground support equipment including Aircraft tugs, air compressor, battery chargers, energizers and starters, ground power units and an adequate supply of properly maintained and appropriately located fire extinguishers.
 - v.** Flight planning and flight service facilities
 - vi.** Public amenities
- f.** Each FBO shall assure the following:
 - i.** All employees regularly scheduled to duty on airside portions of the FBO leasehold are uniformly attired to allow for immediate recognition.
 - ii.** All employees are screened and badged for security purposes consistent with Authority requirements.
 - iii.** All airside vehicles are marked and identified in a manner that provides for ready identification of the FBO.
 - iv.** A "follow-me" vehicle is available for use that identifies the specific FBO.
- g.** Each FBO shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes.

- h.** Each FBO shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, broad form contractual liability will be included (see APPENDIX 1 hereto). Each FBO shall make its own analysis to determine if more insurance is needed.

3. Minimum Standards for Dispensing Aircraft Fuel:

- a.** Each FBO shall secure and maintain all licenses and permits required by Federal State and County laws, rules and regulations for the transporting and dispensing of fuel.
- b.** Each FBO shall have and maintain at least one metered and filter-equipped Aircraft Fuel dispenser, as approved by all governmental authorities having jurisdiction, for dispensing 100-octane or greater Aviation Fuel (AvGas) from an approved above-ground storage tanks having a minimum capacity of 15,000 gallons. Further, each FBO shall have and maintain at least one metered and filter-equipped Aircraft Fuel dispenser, as approved by all governmental authorities having jurisdiction, for dispensing Jet A or greater Aviation Fuel from an approved above-ground storage tanks having a minimum capacity of 25,000 gallons.
- c.** Mobile dispensing equipment shall be of an approved ASTM or ATA specification and have a total capacity of at least 500 gallons for AvGas and 1,000 gallons of Jet fuel.
- d.** Each FBO shall ensure that maintenance of pumping equipment meets all applicable safety and other regulatory requirements and have reliable metering, filtering and grounding devices subject to independent inspection.
- e.** Each FBO shall maintain an adequate supply of fuel at all times; further, each FBO shall secure and maintain an on-going contract with a bona fide, branded fuel supplier to ensure that there will be a continuous supply of appropriate Aircraft Fuel with at least \$50 million in extended product liability coverage is afforded.
- f.** Each FBO shall maintain an adequate inventory of generally accepted grades of aviation engine oil and lubricants.
- g.** Each FBO shall ensure the lawful and sanitary handling and timely disposal, away from the Airport, of all solid waste, regulated waste and other materials including, but not limited to, used oil, solvents and other regulated waste.
- h.** Each FBO shall provide for, on a regular and ongoing basis, appropriate training programs for all personnel involved in the transport and/or dispensing of fuel in strict compliance with FAA Part 139 requirements.

SUBPART B - Aircraft Sales

1. Purpose/Objective:

To establish minimum operating standards for any Person engaging in Aircraft Sales or Brokerage Services within the Airport.

2. Minimum Operating Standards for Aircraft Sales:

- a.** Each Person engaging in Aircraft Sales shall:
 - i.** If engaged in the sale or brokerage of new aircraft, maintain a stock of representative products and/or catalogs for the line of Aircraft they sell.
 - ii.** Provide for the necessary and satisfactory repair and servicing of Aircraft (but only for the duration of any sales guarantee or warranty period and shall provide an adequate inventory of spare parts for the type of new Aircraft for which sales privileges are granted).
 - iii.** Conduct its operations on a leasehold area that provides for not less than 3,000 square feet of combined office and hangar space, and provides for ramp space capable of supporting its inventory needs.
- b.** Each Person engaging in Aircraft Sales shall employ a responsible and qualified person possessing required certification to supervise the operations in the leased area with the authorization to represent and act for and on the behalf of the firm during all normal work hours. Such Person shall further employ sufficient trained personnel to meet Minimum Standards in an efficient manner during scheduled working hours.
- c.** Each Person engaging in Aircraft Sales shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- d.** Each Person engaging in Aircraft Sales shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, Broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART C - Aircraft Airframe, Engine or Accessory Maintenance and Repair

1. Purpose/Objective:

To establish minimum operating standards for any Person engaging in Aircraft Airframe, Engine or Accessory Maintenance and Repair within the Airport.

2. Minimum Operating Standards for Aircraft Airframe, Engine or Accessory Maintenance and Repair:

- a.** Each Person providing services hereunder shall conduct normal and reasonable business hours. Normal and reasonable business hours for purposes herein shall mean remaining open and providing service to the public as specified in the lease agreement.
- b.** Each Person providing services hereunder shall provide sufficient equipment supplies, manuals and availability of parts and shall meet the requirements of all applicable FARs and amendments thereto and other applicable rules and regulations.
- c.** Each Person providing services hereunder shall conduct its operations on a leasehold area that provides for not less than 3,000 square feet of combined office and hangar space, and provides for ramp space capable of supporting its needs.
- d.** Each Person providing services hereunder shall have in its employ, and on duty during the appropriate business hours, trained and certified personnel in such numbers as are required to meet the required operating agreement set forth in this category of services in an efficient manner, but never less than one person currently certificated by the FAA with ratings appropriate to the work being performed and who holds an airframe, power plant or an Aircraft inspector rating.
- e.** Each Person providing services hereunder shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- f.** Each Person providing services hereunder shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, Broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART D - Specialized Equipment Sales and Maintenance

1. Purpose/Objective:

To establish minimum operating standards for any Person engaging in Specialized Equipment Sales and Maintenance within the Airport. For purposes herein, Specialized Equipment refers to avionics, instruments or propellers, and the sales of maintenance of said equipment. This category shall also include the sale of Aircraft parts and accessories.

2. Minimum Operating Standards for Specialized Equipment Sales and Maintenance:

- a.** Each Person providing services hereunder shall conduct normal and reasonable business hours. Normal and reasonable business hours for purposes herein shall mean remaining open and providing service to the public as specified in the lease agreement as specified in the lease agreement.
- b.** Each Person providing services hereunder shall have in its employ and on duty during the appropriate business hours, trained and certified personnel in such numbers as are required to meet the terms of the required operating agreement in an efficient manner. All work requiring such, shall require FAA-rated for each and every specialization which such Person is engaged (*i.e.* avionics, instruments, propellers or any combination thereof).
- c.** Each Person providing services hereunder shall conduct its operations on a leasehold area that provides for not less than 3,000 square feet of combined office and hangar space, and provides for ramp space capable of supporting its business needs.
- d.** All parts and accessories sold or resold shall be approved for use by the FAA in aircraft.
- e.** Each Person providing services hereunder shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- f.** Each Person providing services hereunder shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, Broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART E - Aircraft Leasing and Rental

1. Purpose/Objective:

To establish minimum operating standards for any Person engaging in Aircraft Leasing and Rental within the Airport.

2. Minimum Operating Standards for Aircraft Leasing and Rental:

- a.** Each Person providing services hereunder shall have available for rental, either owned or under written lease to the company, at least two properly certificated Aircraft, one of which must be a four-place Aircraft equipped for and capable of flight under instrument weather conditions.
- b.** Each Person providing services hereunder shall have available at least one flight instructor who has been properly certificated by the FAA to provide pilot check out in the Aircraft offered for lease or rent. Additional Flight Instruction under this category is not authorized.
- c.** Each Person providing services hereunder shall conduct its operations on a leasehold area that provides for not less than 3,000 square feet of combined office and hangar space, and provides for ramp space capable of supporting its business needs.
- d.** Each Person providing services hereunder shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- e.** Each Person providing services hereunder shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, Broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART F - Flight Training Facility

1. Purpose/Objective:

To establish minimum operating standards for any Person providing a Flight Training Facility on the Airport.

2. Minimum Operating Standards for Flight Training Facility:

- a.** Each Person providing a Flight Training Facility shall have at least two properly certificated Aircraft available for use in flight training, one of which must be a four place Aircraft, and one of which must be equipped for and capable of use in instrument flight instructions.
- b.** Each Person providing a Flight Training Facility shall have at least one full-time flight instructor who has been properly certificated by the FAA to provide the type(s) of training offered.
- c.** Each Person providing a Flight Training Facility shall conduct its operations on a leasehold area that provides for not less than 4,000 square feet of combined office and hangar space, and provides for ramp space capable of supporting its business needs.
- d.** Each Person providing Flight Training shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- e.** Each Person providing Flight Training shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, Broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART G - Aircraft Charter and Air Taxi

1. Purpose/Objective:

To establish minimum operating standards for any Person engaging in FAR Part 135 Aircraft Charter and Air Taxi operations within the Airport.

2. Minimum Operating Standards for Aircraft Charter and Air Taxi:

- a.** No commercial activity shall be conducted from any T-Hangar or T-Hangar-type hangar or facility.
- b.** Each Person providing services hereunder shall provide the type, class, size and number of Aircraft to perform the intended operation and shall be certificated under FAR Part 135. There shall be at least one Aircraft to meet the requirements of the air taxi commercial certificate held by said Person.
- c.** Each Person providing services hereunder shall employ and have on duty during the appropriate business hours as specified in the Lease Agreement, adequately trained personnel in sufficient numbers to meet the Minimum Operating Standards, but never less than one (1) person who is an FAA certified commercial pilot and otherwise appropriately rated to permit the offered flight activity.
- d.** Each Person providing services hereunder shall conduct its operations on a leasehold area that provides for not less than 3,000 square feet of combined office and hangar space, and provides for ramp space capable of supporting its business needs.
- e.** Each Person providing services hereunder shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- f.** Each Person providing services hereunder shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, Broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART H - Aircraft Storage

1. Purpose/Objective:

To establish minimum operating standards for any Person engaging in Aircraft Storage within the Airport.

2. Minimum Operating Standards for Aircraft Storage:

- a.** Each Person providing Aircraft Storage hereunder shall have its facilities available for the tenants' Aircraft storage and removal on a continuous basis as specified in the Lease Agreement.
- b.** Each Person providing Aircraft Storage hereunder shall demonstrate that it can provide sufficient personnel trained to meet all requirements for the storage of Aircraft with appropriate equipment.
- c.** Each Person providing Aircraft Storage hereunder shall conduct its operations on no less one (1) acre of land, provide for not less than 10,000 square feet of combined office and hangar space, and provide for not less than 15,000 square feet of ramp space.
- d.** Each Person providing services hereunder shall provide, within the leased area, paved parking for its customers and employees in accordance with applicable zoning regulations and building codes.
- e.** Each Person providing services hereunder shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART I - Specialized Commercial Flight Services

1. Purpose/Objective:

To establish minimum operating standards for any Person engaging in Specialized Commercial Flight Services within the Airport. This category includes the following aviation related services for hire: a) Sightseeing flights that begin and end at the Airport; b) Crop dusting, seeding and spraying; c) Aerial photography and survey; d) Power line or pipeline patrol; e) Fire fighting; f) Glider/Sailplane operations; g) Any other operations not specifically regulated under FAR Parts 43, 119, 121, 135, 141, or 142 of the Federal Aviation Regulations.

2. Minimum Operating Standards for Specialized Commercial Flight Services:

- a.** Each Person providing services hereunder shall conduct its operations in a leased or constructed building sufficient to accommodate all of its proposed activities and operations proposed or in the case of short-term need, shall arrange for space satisfactory to the Director and consistent with the scope of the proposed operation.
- b.** Further, each Person specifically providing any form of crop-dusting, aerial application, or aerial spraying of any chemical shall make suitable arrangements and have such space available in its proposed area for the safe loading, unloading, storage and containment of chemical materials. Such Person shall further prepare a written emergency plan for the handling of hazardous materials and which plan shall be filed with the Director prior to commencement of operations and shall be reviewed and updated on a periodic basis. Any and all spills must be immediately reported to the Director. Additionally, each Person hereunder shall demonstrate that they have a sufficient number of Aircraft that are suitably equipped and certified for the particular type of operation they intend to perform.
- c.** Each Person providing services hereunder shall have on duty, a sufficient number of trained personnel in to efficiently meet and carry out these Standards.
- d.** Each Person providing services hereunder shall provide a point of contact for those desiring to use the services provided. An emergency contact name and phone number must be provided to the Director or his designee.
- e.** Each Person providing services hereunder shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- f.** Each Person providing services hereunder shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART J - Multiple Services

1. Purpose/Objective:

To establish minimum standards for those instances where a person, business or FBO engages in two or more of the aeronautical services for which Minimum Operating Standards have been herein provided.

2. Minimum Operating Standards for Multiple Services:

- a.** Each Person providing Multiple Services hereunder shall comply with the Aircraft requirements, including the equipment thereon for each aeronautical service to be performed except that multiple uses can be made of all Aircraft owned or under lease by the operator except aircraft used for aerial application of chemicals. The firm must have individuals trained and certified to provide all offered services.
- b.** Each Person providing Multiple Services hereunder shall provide the facilities, equipment and services required to meet the Minimum Operating Standards as herein provided for all aeronautical services that they perform.
- c.** Each Person providing Multiple Services hereunder shall employ and have on enough sufficiently trained to meet these Minimum Operating Standards for each aeronautical service performed in an efficient manner. Multiple responsibilities may be assigned to meet the personnel requirements for each aeronautical service being performed.
- d.** Each Person providing Multiple Services hereunder shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- e.** Each Person providing Multiple Services hereunder shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, Broad form contractual liability will be included (see APPENDIX 1 hereto).

SUBPART K - Independent Operators

1. Purpose/Objective:

To establish minimum operating standards for all Independent Operators (as used interchangeably with "Independent Contractors") on the Airport. All operations under this part require a written operating agreement be in place with the Airport Authority.

2. Minimum Operating Standards for Independent Operators:

- a.** Each Person providing any service hereunder shall be currently certificated by the FAA with ratings appropriate to the work being performed (unless such service is not regulated or certificated by the FAA such as detailing or Aircraft washing).
- b.** Each operating agreement in this category shall be limited to annual agreements the extension of which shall be subject to review by the Director, not less than annually, for proper classification within this policy.
- c.** Each Person providing any service hereunder shall have on hand sufficient equipment supplies, manuals and availability of parts related to the service being offered (see, e.g., FAR Parts 43 and 91 and amendments thereto).
- d.** T-Hangar-type units may not be utilized for business operations under this section.
- e.** Each Person providing any service hereunder shall make application with the Airport and shall pay the Airport such permit fee as reasonably established by the Airport Director.
- f.** Each Person providing any service hereunder shall agree to be bound by the Airport's Rules and Regulations as if such person has an established place of business or leasehold on the Airport.
- g.** Each Person providing any service hereunder shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, broad form contractual liability will be included (see APPENDIX 1 hereto).
- h.** At such time any Person has signed a bona fide lease or letter of intent with the Authority for the purpose of establishing either a Specialized Aviation Service Operation or a second Fixed Based Operator at the Airport, then the Authority shall promptly review this Subpart K as appropriate.

SUBPART L - Flying Clubs

1. Purpose/Objective:

To encourage and allow the creation of local Flying Clubs and to establish minimum standards in order to protect the public at-large.

2. Minimum Operating Standards for Flying Clubs:

- a.** Each Flying Club operating at the Airport shall have in place with the Airport Authority a written operating agreement detailing the scope of operation.
- b.** Prior to commencement of aeronautical activities at the Airport, each club must obtain written approval from the Director to operate such club. The land (acreage) requirement, office size, ramp size, and hours of operation shall be specified in the lease agreement.
- c.** Each Flying Club shall facilitate an adequate quantity of paved parking for customers and employees in accordance with all applicable airport rules, local zoning regulations and building codes
- d.** Each Flying Club, prior to and during the term of its Lease or Agreement to operate, shall submit sufficient documentation to the Director in order establish ownership, financial status and technical ability.
- e.** Each club must be registered as a non-profit corporation or partnership in the State of Florida.
- f.** Each member of a Flying Club must be a bona fide owner of the Aircraft or stockholder in the corporation, in accordance with that member's pro-rata share.
- g.** Each Flying Club will provide the Director or his designee an emergency contact person and phone number, and shall update such information immediately upon any change.
- h.** No Flying Club may derive greater revenue from the use of its Aircraft other than the amount necessary for the actual operation, maintenance and replacement of its Aircraft.
- i.** Each Flying Club will file and keep current with the Authority, a complete list of the club's members and the investment share or ownership percentage held by each member.
- j.** The Flying Club's Aircraft will not be used by other than bona fide members for rental and will not be used by anyone for commercial operations.
- k.** Student instruction can be given in the Flying Club's Aircraft to club members, provided such instruction is given by a certified flight instructor who is not receiving remuneration in any manner for such service, or is offered by flight instructor who is duly based at the Airport and is authorized to perform this service under these Standards.
- l.** Aircraft maintenance performed by the Flying Club's members or staff shall be limited to only that maintenance that does not require a certificated mechanic. All other maintenance must be provided by either a certificated mechanic based at the Airport who provides such service or an off-Airport repair facility. If the Flying Club desires to employ a mechanic to perform maintenance of club-owned

Aircraft, then the Flying Club shall be required to lease or construct a hangar suitable for Aircraft maintenance. However, in no instance shall any periodic or annual inspections be performed in any T-Hangar-type hangar.

- j. Each Flying Club shall maintain, continuously in effect at all times while operating within the Airport, at its sole expense, insurance with total limits in an amount not less than the amounts prescribed by the Authority and listing the Authority as additional insured; further, Broad form contractual liability will be included (see APPENDIX 1 hereto).

PART VII - SUBLEASES AND ASSIGNMENTS

No Person engaging in any Aeronautical Activity or providing any Aeronautical Service governed hereunder may sublease or assign such activity or service, in whole or any part thereof, without the prior written approval of the Director, and which consent may be withheld based upon the sound judgment of the Director. Any prospective sub-lessee or assignee shall fully comply with the Minimum Operating Standards herein. Any Person aggrieved by virtue of having a proposed sublease or assignment denied by the Director may appeal as provided for herein.

PART VIII - ENVIRONMENTAL

Any Person engaging in any Aeronautical Activity or providing any Aeronautical Service governed hereunder shall comply with all federal, state and local environmental requirements as they exist and may be amended from time-to-time.

Mandatory compliance is required of all commercial operators with the Authority's Stormwater Pollution and Prevention Plan (SWPP) and Spill Prevention and Containment and control plan (SPCC), as applicable.

PART IX - INTERPRETATION; SEVERANCE

In interpreting these Standards, should any conflict occur between or among provisions herein or with any duly promulgated rule, procedure or directive of the Airport, then the Director, in his or her sole discretion, shall determine which provision or provisions shall control. Interpretation decisions of the Director may be appealed to the Authority as provided in Part V herein.

If any term or provision of these Standards or the application thereof to any person or circumstance shall, to any extent, be declared invalid or deemed unenforceable by a court of competent jurisdiction or superseding law, the remainder of these Standards, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of these Standards shall be valid and enforced to the fullest extent permitted by law notwithstanding the invalidity of any other term or provision hereof.

PART X - ENFORCEMENT

The Director is empowered to enforce these Minimum Operating Standards against any violator and utilizing any and all appropriate means.

CONTINUED ON NEXT PAGE

Approved and adopted by the St. Augustine – St. Johns County Airport Authority at its regular meeting of _____, 2006.

**ST. AUGUSTINE – ST. JOHNS COUNTY
AIRPORT AUTHORITY**

By: _____
Robert Cox, Chairman

ATTEST:

By: _____
M. Wayne George, Secretary/Treasurer.

APPENDIX 1

Minimum Insurance Policy Limits

<i>Type of Insurance</i>	<i>Minimum Limits*</i>	<i>When Needed / Requirements</i>
Workmen's Compensation	Statutory	Statutory
Aircraft Liability	Risk Analysis	General and Aircraft Liability required for all owned or leased Aircraft
Non-owned Aircraft	Risk Analysis	Flying non-owned Aircraft (such as dual flight instruction, maintenance flights, ferry flights, pilot service, sales demo.)
Airport premises liability	Risk Analysis	Airport premises are owned or leased by tenant
Products and completed operations	Risk Analysis	Aircraft repair or maintenance services, fuel and oil sales, Aircraft sales, avionics repair, Aircraft parts and manufacturing
Builders Risk	Risk Analysis	All construction projects
Contractual Liability	Risk Analysis	Hold Harmless and Indemnification Provisions required in all Agreements and Leases
Property Insurance	Replacement value	Covers physical damage of leasehold Premises leased from the Airport
Automobile Liability	Statutory	Owned and non-owned licensed vehicles that are driven on Airport premises
Chemical Liability	Statutory	Aerial applicators and fire bombers
Environmental	Risk Analysis	Airport premises are owned or leased by tenant
Hangar keepers Liability	Risk Analysis	Airport premises are owned or leased by tenant
Garage keepers Liability	Risk Analysis	Airport premises are owned or leased by tenant

[* Minimum Limits for liability coverage shall be no less than \$1,000,000 unless, after Risk Analysis, a higher limit is required by the Authority].

9.3 Sample Standard Form Lease Documents

TERMINAL COUNTER SPACE LEASE

THIS LEASE entered into this ____ day of _____, _____, between St. Augustine - St. Johns County Airport Authority, hereinafter referred to as "**LESSOR**", and _____, hereinafter referred to as "**LESSEE**".

WITNESSETH:

1. That the **LESSOR**, for and in consideration of the rental reserved herein, and the covenants and agreements hereinafter made to be kept and performed by **LESSEE**, have demised and leased and does by these presents demise and lease unto **LESSEE** space in the St. Augustine Airport General Aviation Facility (**The FACILITY**), those certain premises known and described as follows:

Terminal Counter Space located on the western end of the counter area which consists of approximately __ square feet. This area is shown on Exhibit "A" attached and labeled "Counter Space."

To have and to hold the above premises to be used and occupied by **LESSEE** for the purpose of operating a _____ Counter, for a term of sixty (60) months commencing on _____, 200X, and ending on _____, 200X.

2. **RENTAL:**

LESSEE shall pay as and for rent of the premises for the initial term the sum of \$____.00 per square foot, per year (\$____.00 X 00 SF = 00.00 /YR.). All rent shall be payable monthly, in advance, on the first day of each month without demand with initial monthly payments equaling \$0.00. In addition to said rental **LESSEE** shall pay any taxes due, including sales tax and personal property tax. In addition, the **LESSEE** shall pay an airport use fee of \$0.00 per vehicle delivered for rental using the Facility. Such fee shall be cumulative and shall be payable based on the total use in a month and will be invoiced by the **LESSOR** on a monthly basis on information provided by the **LESSEE** and consistent with other payment terms contained in this document.

The rental shall be subject to an annual adjustment consistent with the change in the U.S. Consumer Price Index (all urban consumers) for the prior twelve (12) month period. Such adjustment in the annual rental rate shall not apply to the wash rack use fees.

3. **ABATEMENT OF RENT:**

If all or part of premises are restricted from use or damaged by events or occurrences not caused by the fault or neglect of **LESSEE** and **LESSEE'S** ability to use the damaged section(s) is affected, then the **LESSOR** shall take actions as necessary to allow resumption of use and occupancy of the premises and the rent due hereunder shall be proportionately reduced to reflect both the time and the extent of the

deprivation. This paragraph shall not apply to any temporary closing of the airport as a result of normal weather conditions, or closings for Airport sponsored activities, such as air shows, which may require closing of the Airport for less than 24 hours, or properly executed NOTAM closings for properly authorized purposes of the Federal Aviation Administration or the **LESSOR**.

4. **OPTION TO RENEW:**

This lease shall be renewable for additional periods of one (1) year each for a maximum cumulative term of five-years. The rent for the option periods shall be the fair market value as negotiated between the parties, or an amount equal to the previous period rental rate plus the percentage increase in the U.S. Consumer Price Index (all urban consumers) for the prior twelve (12) month period, whichever is greater.

The option not to renew shall be exercised by the **LESSEE** by giving written notice to the **LESSOR**, in accordance with the Notice requirements of Paragraph 17, not less than 60 days before the end of the current lease term or any renewal thereof. Upon receipt of the notice of the **LESSEE'S** intention not to exercise the option to renew the lease, the **LESSEE** shall be given ten (10) days to vacate the leased premises beginning with the end of the expiring lease term.

5. **RIGHT OF FIRST REFUSAL:**

LESSEE acknowledges that the premises would normally include the adjacent office space and that the lease of the counter space would normally represent additional income to the **LESSOR**. As such, the **LESSOR** reserves the right to solicit tenants which would lease the entire premises, including the counter space attached.

In consideration for this continuing right, the **LESSOR** and **LESSEE** have agreed to a "Right of First Refusal" covering the counter and associated office space. The provisions of such right of first refusal shall allow the **LESSEE** the right, when the **LESSOR** is presented with a viable lease proposal from another party, the first right to continue leasing the premises with the addition of the associated office space at the then current market rental value. **LESSOR** agrees to provide written notification to the **LESSEE** of any lease proposal covered by the agreement and **LESSEE** agrees to provide a response as to the option within seventy-two (72) hours of receipt of **LESSOR'S** notification.

The **LESSEE** acknowledges the **LESSOR's** plans relative to a multi-modal transportation facility at a separate location. **LESSEE** further understands that the development of such a facility may require the relocation and/or closure of the premises covered by this agreement. In any event the **LESSOR** and **LESSEE** agree to facilitate the transition into such a facility consistent with the terms of this agreement, should the **LESSOR** require.

6. **COMMON AREAS:**

In addition to leased space, **LESSEE** shall have use of the common areas of the St. Augustine Airport General Aviation Facility in conjunction with others. In the use of the common areas **LESSEE** shall not place any articles in such areas which will interfere or impede others' use of the common areas.

7. **UTILITIES AND MAINTENANCE OF COMMON AREAS IN TERMINAL:**

LESSOR shall be responsible for electrical utilities and maintenance on the leased premises and in common areas associated with the first floor of the FACILITY. Should the **LESSEE** not desire the janitorial services provided herein, the **LESSEE** shall not be entitled to any abatement of rent. It is specifically agreed that the **LESSEE** shall be responsible for the installation, maintenance and cost of service related to phone and/or data services, and provide for build-out of any other utilities used in the premises. It is agreed that maintenance of the common areas is provided to the **LESSEE** by the **LESSOR** as a part of this agreement, unless such use would otherwise not be considered **Reasonable and Ordinary**.

8. **MAINTENANCE OF PREMISES:**

LESSOR shall be responsible for the Reasonable and Ordinary repair, maintenance and upkeep of the leased premises. The **LESSOR'S** obligation in this regard shall exempt all proprietary fixtures or appurtenances provided or facilitated by the **LESSEE**.

9. **ASSIGNMENTS AND SUBLETS:**

LESSEE shall not assign this lease or any right hereunder, nor let or sublet the Premises, or any part thereof, nor suffer or permit any other person or corporation to use any part of said premises.

10. **SIGNS:**

LESSEE may erect signs identifying their business as approved in writing by the **LESSOR**. **LESSEE** shall develop and implement a signage plan that clearly identifies the location of approved areas for the "drop-off," "pickup," and "customer parking" related to this lease.

It is agreed that the **LESSEE** shall provide adequate written instructions to rental customers who will be returning vehicles to the premises covering the proper return, parking and process, or other matters which may materially affect the flow of pedestrian or vehicular traffic in the terminal and parking areas. The **LESSOR** shall review and concur in the developed document and any subsequent revisions.

11. **PARKING AND COMMON AREA:**

In addition to the premises, **LESSEE** shall have the non-exclusive use, in common with the **LESSOR**, other tenants, their guests, employees and invitees' of long-term automobile parking areas, driveways and footways, as may be designated from time to time by the **LESSOR**, subject to the terms and conditions of this lease and to reasonable rules and regulations for the use thereof as prescribed from time to time by the **LESSOR**, but in no way shall such rules and regulations unreasonably impede, or unduly restrict, customers or employees of **LESSEE** from access to the leased premises.

The common area shall be subject to the exclusive control and management of the **LESSOR** and the **LESSOR** shall have the right to establish, modify, change and

enforce rules and regulations with respect to the common areas so long as such rules are not discriminatory against **LESSEE**, and shall not impede or restrict **LESSEE'S** business activities or access to the Premises. It is understood that the main terminal parking spaces are for the immediate, short term use (3 - hour duration) of the **LESSEE'S** customers and are not to be used for any other purpose.

12. **INSURANCE AND INDEMNITY:**

LESSEE agrees to indemnify and hold harmless the **LESSOR** from and against any and all loss, damage, claim, demand, liability or expense by reason of any damage or injury to person, including loss of life or property which may arise or be claimed to have arisen as a result of or in connection with the occupancy or use of said Premises by **LESSEE**. Neither **LESSOR** or **LESSEE** shall be liable to the other, nor to any insurer of the other party, claiming by way of subrogation a claim with respect to any loss, damage, etc. to the extent that either party shall be reimbursed, or has the right to be reimbursed by its own insurance carrier with respect to such loss.

LESSEE shall, at its own expense, provide and maintain in force during the entire term of this lease, public liability insurance with minimum coverage of 1,000,000 for property damage or loss from any one accident and not less than \$5,000,000 for personal injury from any one accident, and not less than \$1,000,000 for injury to any one person from any one accident. Each policy of such insurance shall name as the insured hereunder the **LESSEE** and **LESSOR**.

13. **DEFAULT AND REMEDIES:**

In the event **LESSEE** shall fail (a) to make any rental or other payments due hereunder within five (5) days of the due date, (b) be adjudged bankrupt, (c) make any assignment for the benefit of creditors, (d) have its leasehold estate taken on execution against **LESSEE**, (e) abandon the leased premises during the term hereof, or (f) breach or fail to perform any obligations herein (other than the agreement to pay rent) and shall fail to cure such fault within thirty (30) days of receiving written notice from **LESSOR**, then **LESSOR**, in any such event, shall have the option to:

(a) **TERMINATE THIS LEASE**, resume possession of the Premises for its own account and recover immediately from **LESSEE** the rent provided for in this Lease for the remainder of the lease term, reduced to present worth, together with any other damage caused by or resulting from the abandonment or breach or default other than a default in payment of rent; or

(b) **RESUME POSSESSION** of the Premises without accounting to **LESSEE**, and the **LESSOR** shall have the right to bring action to recover all unpaid rentals during any term of the lease.

The remedies provided in this Paragraph 13 shall not be exclusive. In addition, the **LESSOR** may pursue such other remedies as are provided by law in the event of any breach, default or abandonment by **LESSEE**. In any event, and irrespective of any option exercised, **LESSEE** agrees to pay and the **LESSOR** shall, be entitled to recover, all costs and expenses incurred by the **LESSOR** including reasonable attorney's fees, in

connection with collection of rental or damage or enforcing other rights of the **LESSOR** in the event of any breach or default or abandonment by **LESSEE**, irrespective of whether **LESSOR** elects to terminate this Lease by reason of such breach, default or abandonment. **LESSEE** hereby expressly waives any and all right of redemption, if any, granted by or under any present or future laws in the event **LESSEE** shall be evicted or dispossessed for any cause, or in the event **LESSEE** shall obtain possession of the premises by virtue of the provisions of this lease, or otherwise.

LESSOR agrees to respect **LESSEE'S** right of quiet enjoyment of leased space without hindrance from **LESSOR**.

14. **HOLDOVER SPACE:**

If **LESSEE** remains on premises after lease term expires, either primary term or optional term, **LESSEE** shall be deemed a tenant of the Premises from month to month at 150% of the then current rental rate and subject to all other terms and conditions of this or the then current lease agreement.

15. **SUBORDINATION AND ATTORNMENT:**

LESSOR or **LANDLORD** shall have the right to lease the **FACILITY**, but as long as **LESSEE** has not defaulted under this lease, then this Lease shall remain in full force and effect.

16. **ENTIRE CONTRACT:**

LESSEE agrees that the **LESSOR** has not made any statement, promise or agreement, or taken upon itself any engagements whatever, verbally or in writing, in conflict with the term of this Lease, or that in any way modifies, varies, alerts, enlarges or invalidates any of its provisions, and that no obligations of **LESSOR** shall be implied in addition to the obligations herein expressed.

17. **NOTICE TO EACH OTHER:**

All notices required or contemplated by this Lease shall be in writing. Where given to **LESSEE** they shall be given by personal delivery to **LESSEE** or by mailing same by USPS certified mail, addressed to **LESSEE** at:

Name
Address
City, State ZIP

Where given to the **LESSOR** they shall be given by personal delivery to the **LESSOR** or by mailing same by United States registered or certified mail, addressed to the **LESSOR** at:

Executive Director
St. Augustine-St. Johns County Airport Authority
4796 US Highway 1, North
St. Augustine, Florida 32095

By giving at least five (5) days' notice in writing to the other party, given in accordance herein, either party may change his address for notices hereunder to be mailed thereafter.

THE COVENANTS AND AGREEMENTS herein contained shall bind and the benefits and advantages hereof shall inure to the respective heirs, legal representatives, successors and assigns of the parties hereto. This lease constitutes a contract of the State of Florida and shall be construed accordingly to the laws of the State of Florida.

IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the day and year first above written.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

**LESSOR: ST. AUGUSTINE-ST. JOHNS COUNTY
AIRPORT AUTHORITY**

BY: _____
Edward R. Wuellner,

Executive Director

Witness as to LESSOR

Witness as to LESSOR

LESSEE: COMPANY NAME

BY: _____

Witness as to LESSEE

Witness as to LESSEE

Exhibit “A”
“Counter Space”

HANGAR LEASE

THIS LEASE (hereinafter referred to as "Lease") made this _____ day of _____ 20____, between **ST. AUGUSTINE-ST. JOHNS COUNTY AIRPORT AUTHORITY**, a political subdivision of the State of Florida, whose principal address is 4796 U. S. 1 North, St. Augustine, Florida 32095 (hereinafter referred to as "Landlord") and _____ whose principal address is _____ (hereinafter referred to as "Tenant").

RECITALS:

A. Landlord is the owner of certain real property located in St. Johns County, State of Florida and more particularly described in Exhibit "A" attached hereto and incorporated by reference herein (hereinafter referred to as the "Land").

B. Landlord has constructed an aircraft hangar on the Land (hereinafter referred to as the "Improvements") and desires to lease such Improvements and the Land to the Tenant on the terms contained in this Lease.

NOW THEREFORE, the parties hereto hereby covenant and agree as follows:

1. **DEMISED PREMISES.** In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be observed and performed, the Landlord demises and leases to the Tenant, and the Tenant rents from the Landlord the Land and the Improvements. The Land and Improvements shall be referred to herein as the "Demised Premises". This Lease and the rights of the parties set forth herein shall create the relationship of "landlord" and tenant" only between Landlord and Tenant.

2. **TERM.** The term of this Lease shall be for a period of One Hundred-Twenty (120) months, commencing on _____, 20____ (herein referred to as the "Commencement Date").

3. **BASE RENT AND OVER CHARGES.**

A. **Base Rent:** For the term of this Lease, Tenant agrees to pay Landlord as Base Rent for the Demised Premises, the sum of _____ and 00/100 (\$_____.00) Dollars per month (subject to adjustment as hereinafter provided). Base Rent shall be paid in advance on the first day of each calendar month during said term. Such sum shall increase annually in proportion to the increase in the United States Consumer Price Index ("CPI") as maintained by the U. S. Department of Labor (Urban Index-All Consumers, All Items). In addition to said Base Rent, Tenant

agrees to pay the amount of the rental adjustments as and when hereinafter provided in this Lease.

The Base Rent shall be subject to adjustment on each five-year anniversary of the Commencement Date by the lesser of an amount equal to; a) the cumulative change in the CPI index (all urban consumers) over the preceding five-year period, or b) the then established fair market rental value as established by appraisal using MAT techniques.

The initial annual rental rate is declared to be the present fair market rental value of \$3.00 per square foot of building covered by this agreement (\$3.00 X _____ Square Feet = \$_____ per year). Such sum shall be payable in equal monthly installments as provided by this section.

Tenant also agrees to pay to Landlord all Florida sales tax due in connection with the Base Rent. Such sales tax payments shall be made together with the monthly Base Rent payments provided for herein. Said rental (including Base Rent and all other sums payable to Landlord under this Lease) shall be paid to Landlord in lawful money of the United States of America, which shall be legal tender at the time of payment, at the office of Landlord or to such other person or at such other place as Landlord may from time to time designate in writing.

B. Ad Valorem Taxes: In the event that real and/or personal property taxes are levied against Landlord for some or all of the value of the Land and the Improvements to be constructed thereon, Tenant shall pay to Landlord each month as additional rent a sum equal to 1/12th of the annual taxes attributable to the Land and Improvements as reasonably estimated by Landlord. In the event of a difference between the exact amount of taxes paid and the estimate by Landlord, the excess or deficiency shall be computed in Landlord's calculation of the ensuing year's estimate or, in the event of the last year of the lease term, refunded by Landlord or paid by Tenant within 30 days of the :due date of the taxes.

4. **USE OF DEMISED PREMISES.** The Demised Premises are leased to Tenant for storage, maintenance and repair of aircraft owned by the Tenant. Tenant shall not use or allow to be used the Demised Premises or any portion thereof for any other purpose without Landlord's prior written consent.

5. **OPTION TO RENEW.** For each term, Tenant shall have an option to renew the term of this Lease for a period of sixty (60) months upon the same covenants and conditions as herein provided. If Tenant shall elect to exercise such options, it shall do so by giving Landlord written notice at least ninety (90) days prior to the expiration of the then current term. If Tenant shall fail to notify Landlord of its intent to exercise the said renewal option, Tenant shall forfeit all right to any and all remaining renewal options.

6. **UTILITIES.** Landlord shall not be liable in the event of any interruption in the supply of any utilities. Tenant agrees that it will not install any equipment which will

exceed or overload the capacity of any utility facilities and that if any equipment installed by Tenant shall require additional utility facilities, the same shall be installed at Tenant's expense in accordance with plans and specifications to be approved in writing by Landlord. Tenant shall be solely responsible for, and shall promptly pay, all charges for use or consumption for electricity, potable water, sewer, or any other utility services.

7. **ALTERATIONS.** Tenant shall not make any alterations without the prior written consent of the Landlord. Tenant shall present to Landlord plans and specifications for such work at the time approval is sought. If Tenant is permitted to make alterations, Tenant shall furnish to Landlord, upon completion of same, a certified statement showing the total cost of such alterations. All trade fixtures, equipment and furnishings installed by Tenant shall remain the property of Tenant upon expiration or sooner termination of the term. Tenant's leasehold Improvements (excluding Tenant's trade fixtures, equipment and furnishings) shall, upon the expiration or sooner termination of the term, become a part of the realty and be the sole property of Landlord. If, during the term hereof, any change, alteration, addition or correction shall be required by any law, rule or regulation of any governmental authority to be made in or to the Demised Premises or any portion thereof, such change, alteration, addition or correction shall be made by Landlord at its sole cost and expense.

Notice is hereby given to all persons furnishing labor or materials to tenant that no construction, materialmen's or other lien sought to be taken on the Demised Premises shall in any manner affect the right, title or interest of Landlord therein.

8. **ASSIGNMENT AND SUBLETTING.**

A. Tenant may sublet a portion of the Demised Premises provided, however, that regardless of any such, sublease, Tenant shall remain fully liable for the performance of all of the conditions, covenants and obligations of this Lease. Any and all subleases entered into by Tenant shall be made expressly subject to this Lease and all of the terms and provisions hereof. Tenant shall provide Landlord with all copies of such subleases. Any subleases shall also be subject to the use restrictions contained herein.

B. Tenant may not assign its interest in this Lease without the Landlord's prior written consent. Regardless of any such assignment Tenant shall remain fully liable for the performance of all of the conditions, covenants and obligations of this Lease. Tenant shall provide Landlord with a copy of any such assignment.

C. The provisions of subparagraph 8.B to the contrary notwithstanding, Tenant may assign this Lease to any successor of Tenant whether by the way of merger, acquisition, conversion or consolidation of Tenant with any other corporation or to any corporation which purchases or otherwise acquires all or substantially all of the assets of Tenant.

9. MAINTENANCE AND REPAIRS.

A. Landlord shall repair and maintain the roof and structural components of the Improvements. Landlord shall undertake such maintenance and repairs within a reasonable time after written notice of the need for such maintenance or repairs is given by Tenant and received by Landlord. If such maintenance and repairs are necessitated in part or whole by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees or visitors, Tenant shall pay to Landlord upon demand the reasonable cost (or portion thereof equitably allocated to Tenant of such maintenance and repairs).

B. Tenant shall repair and maintain the basic plumbing, the interior and exterior of the Premises air conditioning, and electrical systems, automatic door systems, landscaping and all systems whose maintenance and repair is not the obligation of Landlord in good condition throughout the term of this Lease. If Tenant shall fail to repair and maintain as provided herein, Landlord may affect such maintenance and repair and all expenses incurred by Landlord shall become additional rent and shall be immediately due and payable by Tenant.

10. INDEMNITY. Except for losses, damages and claims arising out of the acts or omissions of Landlord or Landlord's agents, contractors and employees, Tenant shall indemnify and hold harmless Landlord from and against any and all claims arising from Tenant's use of the Demised Premises, or from, any activity, work or things done by Tenant in or about the Demised Premises and shall further indemnify and hold harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligations on Tenant's part to be performed under the terms of this Lease, or arising from any negligence of the Tenant, or any such claim or any action or proceeding brought thereon. In any action or proceeding brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel chosen by the Landlord.

11. CONSTRUCTION LIENS. Tenant shall have no authority to subject the Demised Premises or any part thereof or any interest of Landlord therein, to a construction or other lien. Should any construction, or other lien be filed against the Demised Premises or any part thereof or any interest of Landlord therein, by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within ten (10) days after notice by Landlord.

12. INSURANCE.

A. Tenant Insurance/Property Damage. At all time during the term hereof, Tenant shall maintain in effect policies of property damage insurance covering: (i) all leasehold improvements (including any alterations, additions or improvements as may be made by Tenant pursuant to provisions of Paragraph 7 hereof) and in which Tenant may have an insurable interest; and (ii) trade fixtures, merchandise and other

personal property from time to time in, on or upon the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost from time to time during the term of this Lease, providing protection against any peril included within the classification "Fire and Extended Coverage" together with insurance against sprinkler damage, vandalism and malicious mischief. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Lease following a casualty as set forth herein, the proceeds under subsection (i) shall be paid to Landlord and the proceeds under subsection (ii) shall be paid to Tenant.

B. Tenant Liability Insurance. Tenant shall, at all times during the term hereof and at its own cost and expense, procure and continue in force comprehensive general liability insurance for bodily injury and property damage, adequate to protect Landlord against liability for injury to or death of any person, arising in connection with the construction of improvements on the Premises or use, operation or condition of the Premises. Such insurance at all times shall be in an amount of not less than a combined single limit of One Million Dollars (\$1,000,000), insuring against any and all liability of the insured with respect to said Premises or arising out of the use or occupancy thereof.

C. Policy Form. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies, qualified to do business in the State of Florida reasonably acceptable to Landlord. Each policy shall name Landlord, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective interests may appear, and copies of all policies or certificates evidencing the existence and amounts of such insurance shall be delivered to Landlord by Tenant at least ten (10) days prior to Tenant's occupancy of the Premises. No such policy shall be cancelable except after ten (10) days prior written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums, plus a five percent (5%) handling charge, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by the Tenant provided such blanket policies expressly afford coverage to the Premises and to Tenant as required by this Lease.

D. Landlord Insurance. At all times during the term hereof, Landlord shall maintain in effect a policy or policies of property damage insurance covering the Improvements, providing protection against any peril included within the classification Fire and Extended Coverage "all risk". Landlord shall be entitled, at its option, to include in such policies a deductible provision of up to five percent (5%) per occurrence.

13. **DAMAGE AND RESTORATION**

A. Casualty. If, at any time after the execution of this Lease, the Demised Premises, or any portion thereof, should be damaged or destroyed (other than by fault or omission of the Tenant) the following provisions shall govern the rights and obligations of Landlord and Tenant:

(1) If such damage or destruction occurs and is to the extent of fifty percent (50%) or more of the then current actual cash value of the Improvements, Landlord or Tenant may elect to terminate this Lease by giving at least fifteen (15) days written notice of its said election to the other party, such notice to be given within thirty (30) days after the date of such damage or destruction. If neither Landlord nor Tenant shall elect to terminate this Lease, Landlord shall repair, reconstruct or restore the Demised Premises in accordance with the provisions of subparagraph 13.A.(2), below.

(2) Except as provided in subparagraph 13.A.(1) above, in the event the Demised Premises, or any portion thereof, should be damaged or destroyed by any casualty insured under any fire and extended coverage insurance policy or policies required on the part of Landlord to be maintained hereunder, this Lease shall nevertheless continue in full force and effect (except as otherwise herein provided) and Landlord shall promptly commence and with due diligence complete the repair, reconstruction or restoration of the Demised Premises so far as practicable to the condition in which the Premises were immediately prior to such damage or destruction. Landlord's obligation under this Paragraph 13.A.(2) however, shall in no event exceed the scope of the work that was done by Landlord in the original construction and improvement of the Demised Premises.

B. Disclaimer of Insurance Proceeds. Tenant shall have no interest in or claim to any portion of the proceeds of any insurance maintained by Landlord hereunder.

C. Abatement of Rent. During the period commencing with the date of any such damage or destruction which Landlord is required or elects hereunder to repair, reconstruct or restore, and ending with the completion of such repairs, reconstruction or restoration, the Base Rent shall be proportionately abated in an amount equal to the proportion thereof which the number of square feet or gross floor area in the Demised Premises rendered untenable thereby bears to the total number of square feet of gross floor area in the Demised Premises immediately prior to such damage or destruction. Payment of the full amount of Base Rent and all other charges shall resume upon the completion of such work of repair, reconstruction or restoration.

D. Effect of Termination. In the event this Lease is terminated under any of the provisions of this Paragraph 13, such termination shall become effective at the time and in accordance with the respective provisions herein contained for the termination of this Lease. In the event of such termination, all rentals and other charges

on the part of Tenant to be paid hereunder shall be prorated and paid either as of the date of such damage or destruction, or as of the date Tenant ceases doing any business in, upon or from the Demised Premises, whichever last occurs.

14. DEFAULT BY TENANT/REMEDIES

A. Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

(1) The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, within fifteen (15) days of when due.

(2) The failure by Tenant to observe or perform any of its covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in Paragraph 14.A.(1) above, where such failure shall continue for a period of thirty (30) days after written notice hereof from Landlord to Tenant.

(3) a) The making by Tenant of any general arrangement or assignment for the benefit of creditors; b) Tenant becomes a "debtor" as defined in 11 U.S.C. Subsection 101 or any successor statute thereto (unless, in the case of a petition fled against Tenant, the same is dismissed within sixty (60) days); c) the appointment of a trustee or receiver to take possession of substantially all of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Demised Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days. However, in the event that any provision of this subparagraph 14.A.(3) is contrary to any applicable law, such provision shall be of no force or effect.

B. Remedies. In the event of any such material default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default or breach:

(1) Terminate Tenant's right to possession of the Demised Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Demised Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by, reason of Tenant's default including, but not limited to, the cost of recovering possession of the Demised Premises; expenses of reletting, including necessary renovation and alteration of the Demised Premises, reasonable attorney's fees, and any real estate commission actually paid.

(2) Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Demised Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(3) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state wherein the Demised Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Tenants under the terms of this Lease shall bear interest from the date due at the rate of twelve percent (12%) per annum.

15. **DEFAULT BY LANDLORD.** Should default be made by Landlord and continue for thirty (30) days after written notice from Tenant specifying such default in the performance of any covenant herein contained on the part of Landlord to be kept or performed, or should any warranty or representation made herein by Landlord be untrue and remain untrue after thirty {30} days written notice from Tenant specifying such untruth, then in such event Tenant may at Tenant's option terminate this Lease by written notice to Landlord and take such action or pursue such remedy as may be permitted under the laws of the State of Florida.

16. **ACCESS TO DEMISED PREMISES.** Landlord shall have the right to place, maintain and repair all utility equipment of any kind in, upon or under the Demised Premises. Landlord shall also have the right to enter the Demised Premises at all reasonable times to inspect and to make such repairs additions, alterations or improvements as Landlord may deem desirable. Landlord shall be allowed to take all material in, to and upon the Demised Premises that may be required therefore without the same constituting an eviction of Tenant in whole or in part and the rents reserved shall in no way abate while said work is in progress. If Tenant shall not be personally present to permit an entry into the Demised Premises when for any reason an entry therein shall be permissible, Landlord may enter the same by a master key (or in the event of emergency or to prevent waste, by the use of force) without rendering Landlord liable therefore and without in any manner affecting the obligations of this Lease. The provisions of this paragraph shall in no way be construed to impose upon Landlord any obligation whatsoever for the maintenance or repair of the building or any part thereof except as otherwise herein specifically provided.

17. **SUBORDINATION AND NON-DISTURBANCE.**

A. Landlord hereby covenants, warrants and agrees that at all times during the term of this Lease, provided Tenant is not in default hereunder, Tenant is peaceful and quiet possession of the Demised Premises shall not be disturbed by Landlord.

B. Upon written request by Landlord, Tenant shall execute and deliver an agreement subordinating this Lease to any first mortgage upon the Demised Premises;

provided, however, such subordination shall be upon the express condition that the validity of this Lease shall be recognized by the mortgagee, and that, notwithstanding any default by the mortgagor with respect to said mortgage or any foreclosure thereof, Tenant's possession and right of use under this Lease in and to the Demised Premises shall not be disturbed by such mortgagee unless and until Tenant shall breach any of the provisions hereof and this Lease or Tenant's right to possession hereunder shall have been terminated in accordance with the provisions of this Lease.

18. **ESTOPPEL CERTIFICATE.** Tenant shall at any time and from time to time, upon not less than fifteen (15) days prior written notice from Landlord, execute, acknowledge, and, deliver to Landlord a statement in writing certifying certain facts including, without limitation, that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the dates to which the rental, and other charges, if any, are paid in advance, and acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, and no events or conditions then in existence which, with the passage of time or notice or both, would constitute a default on the part of Landlord hereunder, or specifying such defaults, events, or conditions, if any are claimed. It is expressly understood and agreed that any prospective purchaser or encumbrances of all or any portion of the Demised Premises or of the real property of which it is a part shall be entitled to rely upon any such statement. Tenant's failure to deliver such statement within such time shall, at the option of Landlord, constitute a breach or default under this Lease. If such option is not so exercised by Landlord, Tenant's failure shall be conclusive upon Tenant that (i) this Lease is in full force and effect without modification except as may be represented by Landlord; (ii) that there are no uncured defaults in Landlord's performance; and (iii) that not more than two (2) months' rental has been paid in advance.

19. **QUIET ENJOYMENT.** Tenant, upon paying the rents and performing all of the terms on its part to be performed, shall peaceably and quietly enjoy the Demised Premises subject, nevertheless, to the terms of this Lease and to any mortgage, ground lease or agreements to which this Lease is subordinated and covenants, conditions, restrictions and encumbrances appearing in the public records prior to the date of this Lease.

20. **TERMINATION.** Tenant may terminate this Lease during the term hereof upon ninety (90) days prior written notice to Landlord. Upon such termination, Tenant shall abide by the obligations and be subject to the penalties in Paragraph 21.

21. **END OF TERM.**

A. At the expiration of this Lease, Tenant shall surrender the Demised Premises in the same condition as it was in upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and shall deliver all keys to Landlord. Before surrendering the Demised Premises, Tenant may remove all its personal property,

trade fixtures, and decorations, and signage and shall repair any damage caused thereby. Tenant's obligations to perform this provision shall survive the end of the term or termination of this Lease.

B. If the premises are not surrendered, at the end of the term or upon termination (whichever occurs first), then Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in so surrendering the premises, including, without limitation, any claims founded on such delay made by any succeeding occupant of the premises or any part thereof, and Tenant shall be liable to Landlord for any and all legal expenses, costs, and fees incurred by Landlord in obtaining the possession of the Demised Premises.

22. **HOLDING OVER.** Any holding over after the expiration of this term or any renewal term shall be construed to be a tenancy from month to month and shall otherwise be on the terms herein specified so far as applicable.

23. **NO WAIVER.** Failure of Landlord or Tenant to insist upon the strict performance of any provision or to exercise any option or enforce any rules and regulations shall not be construed as a waiver for the future of any such provision, rule or option. The receipt by Landlord of rent with knowledge of the breach of any provision of this Lease shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver be in writing signed by the party purporting to waive the provision in question.

24. **NOTICES.** Any notice, demand, request or other instrument which may be or required to be given under this Lease shall be delivered in person, sent by United States Certified or Registered Mail, postage prepaid, or sent by a reputable overnight courier service and shall be addressed to either party at the address as herein above given. Any notice shall be deemed delivered upon hand delivery or three (3) days after depositing such notice in postal receptacles, return receipt requested or one (1) day after depositing such notice with a reputable overnight courier service. Either party may designate such other address as shall be given by written notice.

25. **PARTIAL INVALIDITY.** If any provision of this Lease or application thereof to any person or circumstance shall, to any extent, be invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

26. **SUCCESSORS AND ASSIGNS.** Except as otherwise expressly provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representatives, successors and assigns and any sale by Landlord of the Demised Premises shall be subject to this Lease provided the Tenant is not in default at the time of such sale.

27. **ENTIRE AGREEMENT.** This Lease and the Exhibits hereto, set forth the entire agreement between the parties. Any prior conversations or writings are merged herein and extinguished. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by the party sought to be charged. Submission of this Lease for examination does not constitute an option for the Demised Premises and becomes effective as a Lease only upon execution and delivery thereof by Landlord to Tenant. It is herewith agreed that this Lease contains no restrictive covenants in favor of Tenant. The captions and numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe or describe the scope or intent of any paragraph, nor in any way affect this Lease.

28. **NO PARTNERSHIP.** Nothing contained in this Lease shall, or shall be deemed or construed so as to create the relationship of principal-agent, joint ventures, co-adventurers, partners or co-tenants between Landlord and Tenant, it being the express intention of the parties that they are and shall remain independent contractors one as to the other.

29. **RADON GAS DISCLOSURE.** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

30. **MISCELLANEOUS.**

A. The Tenant, for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the Land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that 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, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (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, and as said regulations may be amended. That in the event of breach of any of the above nondiscrimination covenants, Landlord shall have the right to terminate the Lease and to reenter and repossess said Land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

B. It is clearly understood by the Tenant that no right or privilege has been granted which would operate to prevent any person, firm or corporation operating aircraft on the airport performing any services in its own aircraft with its own regular employees (including, but not limited to, maintenance and repair) that it may choose to perform.

C. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right.

D. The Tenant assures that it will undertake an affirmative action program, as required by 14 CFR Part 152, Subpart E, to ensure that no person shall, on the grounds of race, creed, color, national origin, or sex, be excluded from participation in any employment, contracting, or leasing activities covered in 14 CFR Part 152, Subpart E. The Tenant assures that no person shall be excluded, on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Tenant assures that it will require that its covered organizations provide assurance to the Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organization, as required by 14 CFR Part 152, Subpart E, to the same effect. The Tenant agrees to comply with any affirmative action plan or steps for equal employment opportunity required by 14 CFR Part 152 Subpart E as part of the affirmative action program or by any Federal, state or local agency or court, including those resulting from a conciliation agreement, a consent decree, court order, or similar mechanism. The Tenant agrees that state or local affirmative action plan will be used in lieu of any affirmative action plan or steps required by 14 CFR Part 152, Subpart E, only when they fully meet the standards set forth in 14 CFR 152.409. The Tenant agrees to obtain a similar assurance from its covered organizations, and to cause them to require a similar assurance of their covered sub-organizations, as required by 14 CFR Part 152, Subpart E.

E. Landlord reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires of view of the Tenant, and without interference or hindrance from the Tenant.

F. Landlord reserves the right, but shall not be obligated to Tenant, to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of Tenant in this regard.

G. During the time of war or national emergency, Landlord shall have the right to lease the landing area or any part thereof to the United States Government for military or naval use, and, if such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended. Landlord reserves the right to take any action it considers necessary to protect the aerial approaches of the Landlord's airport against obstruction, together with the right to prevent Tenant from erecting, or permitting to be erected, any building or other structure on or adjacent to the Landlord's airport which, in the opinion of the

Landlord, would limit the usefulness of the Landlord's airport or constitutes a hazard to aircraft.

H. This Lease shall be subordinate to the provisions of any existing or future agreement between Landlord and the United States, relative to the operation or maintenance of the Landlord's airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the Landlord's airport.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Lease as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

"Landlord"

**ST. AUGUSTINE, ST. JOHNS COUNTY
AIRPORT AUTHORITY**

Name: _____

Name: _____

By: _____
Name: Edward R. Wuellner, A.A.E.
Executive Director

Address: 4796 U.S. 1 North
St. Augustine, FL 32095

"Tenant"

Name: _____

Name: _____

By: _____
Name: _____
Its: _____

Address: _____

HANGAR LEASE

LESSEE INFORMATION:

Name:
Address:
City: **State:** **Zip:**
Telephone # **Alternate #**
E-mail Address:

Stored Aircraft Information:

Tail No.: **Year** **Make** **Model**
Color (Base) **Color (Trim)**

Hangar ID # **Initial Monthly Rental \$** **Lease Inception Date:**

LESSOR INFORMATION:

St. Augustine - St. Johns County Airport Authority
4796 US Highway 1, North
St. Augustine, FL 32095
Phone (904) 209-0090 FAX (904) 209-0528
E-mail: ckh@sgj-airport.com

The LESSOR and the LESSEE hereby covenant and agree as follows:

SECTION 1. LEASE OF ENCLOSED HANGAR UNITS – The LESSOR hereby demises and leases the Hangar Unit (the Demised Premises) indicated above the LESSEE, and the LESSEE hereby takes and leases the Hangar from the LESSOR, for the term, at the rental and on the conditions herein set forth.

SECTION 2. LEASE TERM – The lease term shall commence on the date indicated above and shall end the last day of the following September (one year or less), except this Lease shall automatically renew for consecutive one (1) year terms, unless otherwise earlier terminated. The parties' early termination rights are described in Section 25.

SECTION 3. PERMITTED USES – LESSEE shall use the Demised Premises for the purpose of storage of the aircraft or the active assembly of a kit-type aircraft and further described above under the terms conditions herein ascribed. No commercial aviation activity shall be conducted utilizing Demised Premises.

SECTION 4. RENT - The LESSEE agrees to pay LESSOR the initial sum indicated above per month plus sales tax. Rent is due and payable on the first day of each month. A Late Fee of \$25.00 per month shall apply to all rents remaining unpaid after the tenth day of the month. The net effect of late fees shall be cumulative.

SECTION 5. NOTICES - All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, addressed as follows: if to the LESSEE at the above indicated address and, if to LESSOR, at 4796 U.S. Highway 1, North, St. Augustine, FL 32095. The LESSOR and the LESSEE may, by notice given hereunder, designate any further or different address to which subsequent notices, certificates or other communications shall be sent.

SECTION 6. BINDING EFFECT - This Lease shall inure in the benefit of and shall be binding upon the LESSOR and the LESSEE and their respective successors and assigns.

SECTION 7. SEVERABILITY - In the event any provision of this Lease shall be held invalid or unenforceable by any Court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 8. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS - LESSEE will use the Demised Premises and conduct or allow any activities upon the Demised Premises only in compliance with all applicable laws, governmental regulations, and regulations established from time to time by LESSOR.

SECTION 9. ASSIGNMENT AND SUB-LETTING - LESSEE may not assign this lease nor sublease any portion of the Demised Premises without the prior written consent of the LESSOR.

SECTION 10. INSURANCE - Insurance Types and Limits are not presently required. However, the requirement for insurance may from time to time be reviewed and determined by the LESSOR.

SECTION 11. INDEMNIFICATION - LESSEE agrees to indemnify and hold harmless the LESSOR and its agents, employees and members thereof, from any claim arising out of injury to any person or damage to any property resulting from LESSEE's activity upon the Demised Premises.

SECTION 12. SECURITY - The LESSOR makes no implication or guarantees as to the provision of security of the leasehold. The LESSEE is solely responsible for the security of the demised premises.

SECTION 13. UTILITIES - LESSOR shall pay all normal and applicable costs and charges for water and electricity, and any other LESSOR provided utilities used in connection with the Demised Premises while this lease remains in force. The hangar is provided with electrical outlets for the use of the tenant. It is provided for intermittent use of small electrical devices and normal lighting. Approved devices include items such as: vacuum cleaners, fans, small handheld power tools, small intermittent use battery chargers, radios, air compressors requiring less than 15 amps of peak current draw, or similar devices. The installation or placement of items that consume electricity on a continual basis or automatically cycle on-off such as refrigerators, freezers, dehumidifiers, air conditioners, and similar devices including household appliances or devices not considered with the approved use of the Demised Premises, are not permitted except when complying with one (1) of the following conditions and as approved in writing by the LESSOR: **(a)** The LESSEE has caused the installation of a separate power meter along with whatever additional modifications are required to facilitate electrical service. All modifications consistent with this provision shall have the written approval of the LESSOR; shall be properly permitted with St. Johns County; and shall be installed by a licensed contractor(s) approved for such work. The ongoing cost for electrical service shall be that of the LESSEE. The improvements made shall at the expiration of the lease, be completely removed and the hangar restored to a condition like that prior to modification or at the option of the LESSOR, shall become a leasehold improvement and become the property of the LESSOR. Modifications for power will not be approved by the LESSOR to facilitate more than the total leased units by any one LESSEE in any one building; **OR (b)** A monthly surcharge would be paid by the tenant. The amount of the surcharge will be per Addendum "A" of this agreement, and as modified by the LESSOR at the time of renewal or automatic extension.

SECTION 14. SIGNS - LESSEE shall not place any advertising signs, billboards, or other signs without the prior written consent of LESSOR.

SECTION 15. AUTOMOBILE ACCESS AND PARKING - LESSEE automobile parking for personal vehicles shall be permitted within the Demised Premises or on the access driveway to the individual hangar unit. At all times, automobile parking shall be accomplished in a manner to provide unrestricted movement of aircraft and other automobiles on common taxiways. Other parking areas may be provided by LESSOR. No on-street parking is permitted. Vehicle Access to the hangar area is to be accomplished through gates provided and assigned along Estrella Avenue. No hangar access is to be accomplished utilizing the FBO Area. No automobile, wheeled vehicle or pedestrian use of airfield movement areas is permitted. At all times, vehicle surface traffic shall yield to aircraft. LESSEE acknowledges that any violation of the provisions of this Section may result in immediate termination of this Lease

SECTION 16. MAINTENANCE - The LESSOR assumes and retains reasonable maintenance responsibilities for the Demised Premises, building and surrounding grounds. LESSEE agrees that in the event of abuse or damage to the Leasehold area, the cost of repairs may be charged to the LESSEE. LESSOR reserves the right to facilitate all maintenance and repairs of the Demised Premises.

SECTION 17. SOLID WASTE AND REFUSE DISPOSAL - The disposal of solid waste and refuse must be in conformance with the system of disposal used on the airport and must comply with local and State governmental requirements, including compliance with airport recycling programs.

SECTION 18. HAZARDOUS STORAGE - No material of a hazardous or toxic characteristic shall be permitted to be stored in the Demised Premises. This provision shall not apply to aircraft fuel and lubricants stored within an aircraft. The storage of fuel in portable containers, regardless of type, shall not be permitted in the Demised Premises.

SECTION 19. SUITABILITY OF DEMISED PREMISES - LESSEE has examined the Demised Premises before entering into this lease and does not rely upon any representations by LESSOR as to the condition of the Demised Premises or its suitability for LESSEE'S purposes.

SECTION 20. LESSOR'S REMEDIES FOR LESSEE'S DEFAULT - If LESSEE fails to pay LESSOR the rent required hereunder when due and said failure continues for thirty (30) days or if the LESSEE otherwise fails to perform any of the LESSEE's obligations hereunder and said failure continues for thirty (30) days LESSOR may declare a default and retake possession of the Demised Premises. LESSOR shall also be entitled to recover from LESSEE any special damages to LESSOR by reason of LESSEE'S default. The remedies specified above are not in limitation to any other remedies allowed by law. All costs incurred by LESSOR in enforcing the terms of this lease shall be borne by LESSEE, including reasonable legal fees.

SECTION 21. AIRPORT MATTERS - This Lease is subordinate to the provision of any existing agreement between the LESSOR and the United States of America, the State of Florida or their agencies, relative to the operation of maintenance of the St. Augustine - St. Johns County Airport and specifically subject to all rules and regulations of the Federal Aviation Administration and the State of Florida, the St. Augustine - St. Johns County Airport Authority.

SECTION 22. STANDARD PROTECTION CLAUSES - **(a)** The LESSOR reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the real property hereinafter described together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from, or operation on the St. Augustine - St. Johns County Airport. **(b)** The LESSEE expressly agrees for itself, its successors and assigns, to prevent any use of the hereinafter described real property which would interfere with or adversely affect the operation or maintenance of the airport, or otherwise constitute an airport hazard.

SECTION 23. COVENANTS - (a) As a part of the consideration for this Lease, the LESSEE covenants and agrees to further pay or discharge all taxes, assessments, penalties, charges, rates or liens of any nature whatsoever which may for the period following the effective date of this lease be levied, assessed, charged, imposed or claimed on or against this lease, leasehold, interest, lot or land or any improvements of fixtures thereon or appurtenances thereto, or any part thereof, or against the Owner or Owners of said land or the improvements, by reason of said ownership, by whatsoever authority levied, assessed, charged, imposed, claimed and whether the same be on or about the property herein leased, its improvements, fixtures, or appurtenances, or any part thereof, on or against the income from said land or its improvements, it being the intention of the parties to this lease that the rents herein reserved shall constitute a net income to the LESSOR from said land herein leased, equal in amount to said rents. **(b)** That if part of or one of the buildings constructed as a part of this agreement be destroyed or rendered untenable by fire or other unavoidable accident for which the LESSEE is required to insure against, the LESSEE shall make appropriate repairs or replacement or demolition within a period of three (3) months. Time extension(s) may be granted by LESSOR for good cause, upon written request by LESSEE and all such actions by LESSEE must be approved by LESSOR in writing. **(c)** That in the event the LESSEE, without the written consent of the LESSOR, shall sell, assign or in any manner encumber or pledge this lease, store any aircraft other than that indicated above, or if the LESSEE shall fail to comply with any statute, ordinance, rule, order, regulation or requirement of the Federal or State governments, or the St. Augustine - St. Johns County Airport Authority, or any of their departments, or bureaus applicable to said Demised Premises, the LESSOR may immediately terminate this Lease without prior notice.

SECTION 24. RIGHT TO INSPECT – LESSOR may, with reasonable notice or in the case of an emergency, enter onto the Demised Premises.

SECTION 25. TERMINATION - Either party to this Lease may at any time terminate the Lease in advance of the expiration date by providing written notification at least thirty (30) days in advance of the proposed cancellation.

SECTION 26. APPLICABLE LAW - This Lease shall be governed by the laws of the State of Florida.

SECTION 27. EXECUTION IN COUNTERPARTS - This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the LESSOR and LESSEE have caused this Lease to be executed as of the date first above written.

LESSEE:

BY: _____

LESSOR: St. Augustine - St. Johns County Airport Authority

BY: _____
Edward R. Wuellner, Executive Director

IN-KIND HANGAR LEASE

THIS AGREEMENT OF LEASE (hereinafter referred to as "Lease") made this 1st day of _____, between **ST. AUGUSTINE - ST. JOHNS COUNTY AIRPORT AUTHORITY**, a political subdivision of the State of Florida, whose principal address is 4796 U. S.1 North, St. Augustine, Florida 32095 (hereinafter referred to as "Landlord") and _____, a _____ agency whose principal administrative address is _____, _____ (hereinafter referred to as "Tenant").

RECITALS:

A. Landlord is the owner of certain real property located in St. Johns County, State of Florida and more particularly described in Exhibit "A" attached hereto and incorporated by reference herein (hereinafter referred to as the "Land").

B. Landlord has constructed an aircraft hangar and related offices on the Land (the "Improvements") and desires to lease such Improvements and the Land to the Tenant on the terms contained in this Lease.

NOW THEREFORE, the parties hereto hereby covenant and agree as follows:

1. **DEMISED PREMISES.** In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be observed and performed, the Landlord demises and leases to the Tenant, and the Tenant rents from the Landlord the Land and the Improvements. The Land and Improvements shall be referred to herein as the "Demised Premises". This Lease and the rights of the parties set forth herein shall create the relationship of "landlord" and tenant" only between Landlord and Tenant.

2. **TERM.** The term of this Lease shall be for a period of _____ (xx) months, commencing on _____, _____, 20____ (herein referred to as the "Commencement Date").

3. **BASE RENT AND OTHER CHARGES.**

A. Base Rent. For the term of this Lease, Tenant agrees to pay Landlord as Base Rent for the Demised Premises, the sum of _____ Dollars and 00/100 (\$0.00) Dollars per month (subject to adjustment as hereinafter provided). The Base Rent shall be paid in advance on the first day of each calendar month during the term. Such sum shall increase annually in proportion to the increase in the United States Consumer Price Index ("CPI") as maintained by the U. S. Department of Labor (Urban Index-A11 Consumers, All Items).

The Base Rent shall be subject to adjustment on each five-year anniversary of the Commencement Date of the lease by the lesser of an amount equal to a) the cumulative change in the CPI index (all urban consumers) over the preceding five-year period, or b) the then established fair market rental value as established by appraisal using MM techniques.

The initial annual fair market rental value rental rate is declared to be as presented in Exhibit "B" and likewise titled.

If applicable, the Tenant also agrees to pay to Landlord all Florida sales tax due in connection with the Base Rent. Such sales tax payments shall be made together with the monthly Base Rent payments provided for herein. Said rental (including Base Rent and all other sums payable to Landlord under this Lease) shall be paid to Landlord in lawful money of the United States of America, which shall be legal tender at the time of payment, at the office of Landlord or to such other person or at such other place as Landlord may from time to time designate in writing.

B. Ad Valorem Taxes. In the event that real and/or personal property taxes are levied against Landlord for some or all of the value of the Land and the Improvements to be constructed thereon, Tenant shall pay to Landlord each month as additional rent a sum equal to 1/12th of the annual taxes attributable to the Land and Improvements as reasonably estimated by Landlord. In the event of a difference between the exact amount of taxes paid and the estimate by Landlord, the excess or deficiency shall be computed in Landlord's calculation of the ensuing year's estimate or, in the event of the last year of the lease term, refunded by Landlord or paid by Tenant within 30 days of the due date of the taxes.

4. **USE OF DEMISED PREMISES.** The Demised Premises are leased to Tenant for storage, maintenance and repair of aircraft owned by the Tenant and approved sub-lessees. Tenant shall not use or alter to be used the Demised Premises or any portion thereof for any other purpose or purposes without Landlord's prior written consent.

4. **OPTION TO RENEW.** Tenant shall have an option to renew the term of this Lease for up to ten consecutive periods of twelve (12) months upon the same covenants and conditions as herein provided. If Tenant shall elect to exercise one or more of such options, it shall do so by giving Landlord written notice at least ninety (90) days prior to the expiration of the then current term. If Tenant shall fail to notify the Landlord of its intent to exercise one or more of the said renewal options, Tenant shall forfeit all right to any and all remaining renewal options.

5. **UTILITIES.** Landlord shall not be liable in the event of any interruption in the supply of any utilities. Tenant agrees that it will not install any equipment which will exceed or overload the capacity of any utility facilities and that if any equipment installed by Tenant shall require additional utility facilities; the same shall be installed at Tenant's expense in accordance with plans and specifications to be approved in writing by Landlord. Tenant shall be solely responsible for, and shall promptly pay, all

charges for use or consumption for electricity, potable water, sewer, or any other utility services.

6. **ALTERATIONS.** Tenant shall not make any alterations without the prior written consent of the Landlord. Tenant shall present to Landlord plans and specifications for such work at the time approval is sought. If Tenant is permitted to make alterations, Tenant shall furnish to Landlord, upon completion of same, a certified statement showing the total cost of such alterations. All trade fixtures, equipment and furnishings installed by Tenant shall remain the property of Tenant upon expiration or sooner termination of the term. Tenant's leasehold Improvements (excluding Tenant's trade fixtures, equipment and furnishings) shall, upon the expiration or sooner termination of the term, become a part of the realty and be the sole property of Landlord. If, during the term hereof, any change, alteration, addition or correction shall be required by any law, rule or regulation of any governmental authority to be made in or to the Demised Premises or any portion thereof, such change, alteration, addition or correction shall be made by Landlord at its sole cost and expense.

Notice is hereby given to all persons furnishing labor or materials to tenant that no construction, materialmen's or other lien sought to be taken on the Demised Premises shall in any manner affect the right, title or interest of Landlord therein.

7. **ASSIGNMENT AND SUBLETTING.**

a. Tenant may sublet a portion of the Demised Premises provided, however, that regardless of any such sublease, Tenant shall remain fully liable for the performance of all of the conditions, covenants and obligations of this Lease. Any and all subleases entered into by Tenant shall be made expressly subject to this Lease and all of the terms and provisions hereof. Tenant shall provide Landlord with all copies of such subleases. Any subleases shall also be subject to the use restrictions contained herein.

b. Tenant may not assign its interest in this Lease without the Landlord's prior written consent. Regardless of any such assignment Tenant shall remain fully liable for the performance of all of the conditions, covenants and obligations of this Lease. Tenant shall provide Landlord with a copy of any such assignment.

c. The provisions of the preceding paragraph to the contrary notwithstanding, Tenant may assign this lease to any successor of Tenant whether by the way of merger, acquisition, conversion or consolidation of Tenant with any other corporation or to any corporation which purchases or otherwise acquires all or substantially all of the assets of Tenant.

8. **MAINTENANCE AND REPAIRS.**

a. Landlord shall repair and maintain the roof and structural components of the Improvements. Landlord shall undertake such maintenance and

repairs within a reasonable time after written notice of the need for such maintenance or repairs is given by Tenant and received by Landlord. If such maintenance and repairs are necessitated in part or whole by the act, neglect, fault or omission of any duty by Tenant, its agents, servants, employees or visitors, Tenant shall pay to Landlord upon demand the reasonable cost (or portion thereof equitably allocated to Tenant of such maintenance and repairs.

b. To the extent that a repair shall not be considered "warranty work," Tenant shall repair and maintain the basic plumbing, the interior and exterior of the Premises air conditioning, and electrical systems, automatic door systems, landscaping and all systems whose maintenance and repair is not the obligation of Landlord in good condition throughout the term of this Lease. If Tenant shall fail to repair and maintain as provided herein, Landlord may affect such maintenance and repair and all expenses incurred by Landlord shall become additional rent and shall be immediately due and payable by Tenant.

9. **INDEMNITY.** Except for losses, damages and claims arising out of the acts or omissions of Landlord or Landlord's agents, contractors and employees, Tenant shall indemnify and hold harmless Landlord from and against any and all claims arising from Tenant's use of the Demised Premises, or from any activity, work or things done by Tenant in or about the Demised Premises and shall further indemnify and hold harmless Landlord from and against any and all claims arising from any breach or default in the performance of any obligations on Tenant's part to be performed under the terms of this Lease, or arising from any negligence of the Tenant, or any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Landlord by reason of any such claim, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel acceptable to Landlord.

11. **CONSTRUCTION LIENS.** Tenant shall have no authority to subject the Demised Premises or any part thereof or any interest of Landlord therein, to any construction or other lien. Should any construction or other liens be filed against the Demised Premises or any part thereof or any interest of Landlord therein, by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within ten (10) days after notice by Landlord.

12. **INSURANCE.**

a. Tenant Insurance/Property Damage. At all time during the term hereof, Tenant shall maintain in effect policies of property damage insurance covering; (i) all leasehold improvements (including any alterations, additions or improvements as may be made by Tenant pursuant to provisions of paragraph 7 hereof) in which Tenant may have an insurable interest; and (ii) trade fixtures, merchandise and other personal property from time to time in, on or upon the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost from time to time during the term of this Lease, providing protection

against any peril included within the classification "Fire and Extended Coverage" together with insurance against sprinkler damage, vandalism and malicious mischief. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Lease following a casualty as set forth herein, the proceeds under subsection (i) shall be paid to Landlord and the proceeds under subsection (ii) shall be paid to Tenant.

b. Tenant Liability Insurance. Tenant shall, at all times during the term hereof and at its own cost and expense, procure and continue in force comprehensive general liability insurance for bodily injury and property damage, adequate to protect Landlord against liability for injury to or death of any person, arising in connection with the construction of improvements on the Premises or use, operation or condition of the Premises. Such insurance at all times shall be in an amount of not less than a combined single limit of One Million Dollars (\$1,000,000), insuring against any and all liability of the insured with respect to the Premises or arising out of the use or occupancy thereof.

c. Policy Form. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies, qualified to do business in the State of Florida reasonably acceptable to Landlord. Each policy shall name Landlord, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective interests may appear, and copies of all policies or certificates evidencing the existence and amounts of such insurance shall be delivered to Landlord by Tenant at least ten (10) days prior to Tenant's occupancy of the Premises. No such policy shall be cancelable except after ten (10) days prior written notice to Landlord and Landlord's lender, Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums, plus a five percent (5%) handling charge, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by the Tenant provided such blanket policies expressly afford coverage to the Premises and to Tenant as required by this Lease.

d. Landlord Insurance. At all times during the term hereof, Landlord shall maintain in effect a policy or policies of property damage insurance covering the Improvements, providing protection against any peril included within the classification Fire and Extended Coverage "all risk". Landlord shall be entitled, at its option, to include in such policies a deductible provision of up to five percent (5%) per occurrence.

13. **DAMAGE AND RESTORATION**

a. Casualty. If, at any time after the execution of this Lease, the Demised Premises, or any portion thereof, should be damaged or destroyed (other

than by fault or omission of the Tenant) the following provisions shall govern the rights and obligations of Landlord and Tenant:

1. If such damage or destruction occurs and is to the extent of fifty percent (50%) or more of the then current actual cash value of the Improvements, Landlord or Tenant may elect to terminate this Lease by giving at least fifteen (15) days written notice of its said election to the other party, such notice to be given within thirty (30) days after the date of such damage or destruction. If neither Landlord nor Tenant shall elect to terminate this Lease, Landlord shall repair, reconstruct or restore the Demised Premises in accordance with the provisions of subparagraph 13.A.(2), below.

2. Except as provided in subparagraph 13.A.(1) above, in the event the Demised Premises, or any portion thereof, should be damaged or destroyed by any casualty insured under any fire and extended coverage insurance policy or policies required on the part of Landlord to be maintained hereunder, this Lease shall nevertheless continue in full force and effect (except as otherwise herein provided) and Landlord shall promptly commence and with due diligence complete the repair, reconstruction or restoration of the Demised Premises so far as practicable to the condition in which the Premises were immediately prior to such damage or destruction. Landlord's obligation under this Paragraph 13.A.(2) however, shall in no event exceed the scope of the work that was done by Landlord in the original construction and improvement of the Demised Premises.

b. Disclaimer of Insurance Proceeds. Tenant shall have no interest in or claim to any portion of the proceeds of any insurance maintained by Landlord hereunder.

c. Abatement of Rent. During the period commencing with the date of any such damage or destruction which Landlord is required or elects hereunder to repair, reconstruct or restore, and ending with the completion of such repairs, reconstruction or restoration, the Base Rent shall be proportionately abated in an amount equal to the proportion thereof which the number of square feet or gross floor area in the Demised Premises rendered untenable thereby bears to the total number of square feet of gross floor area in the Demised Premises immediately prior to such damage or destruction. Payment of the full amount of Base Rent and all other charges shall resume upon the completion of such work of repair, reconstruction or restoration.

d. Effect of Termination. In the event this Lease is terminated under any of the provisions of this Paragraph 13, such termination shall become effective at the time and in accordance with the respective provisions herein contained for the

termination of this Lease. In the event of such termination all rentals and other charges on the part of Tenant to be paid hereunder shall be prorated and paid either as of the date of such damage or destruction, or as of the date Tenant ceases doing any business in, upon or from the Demised Premises, whichever last occurs.

14. DEFAULT BY TENANT/REMEDIES

a. Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

1. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, within fifteen (15) days of when due.
2. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease other than described in Paragraph 14.A.(1) above, where such failure shall continue for a period of thirty (30) days after written notice hereof from Landlord to Tenant.
3. a) The making by Tenant of any general arrangement or assignment for the benefit of creditors; b) Tenant becomes a "debtor" as defined in 11 U.S.C. Subsection 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); c) the appointment of a trustee or receiver to take possession of substantially all of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or d) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Demised Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days. However, in the event that any provision of this subparagraph 14A.(3) is contrary to any applicable law, such provision shall be of no force or effect.

b. Remedies. In the event of any such material default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default or breach:

1. Terminate Tenant's right to possession of the Demised Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Demised Premises to Landlord, In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the cost

of recovering possession of the Demised Premises; expenses of reletting, including necessary renovation and alteration of the Demised Premises, reasonable attorney's fees, and any real estate commission actually paid.

2. Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Demised Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

3. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state wherein the Demised Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Tenants under the terms of this Lease shall bear interest from the date due at the rate of twelve percent (12%) per annum.

15. **DEFAULT BY LANDLORD.** Should default be made by Landlord and continue for thirty (30) days after written notice from Tenant specifying such default in the performance of any covenant herein contained on the part of Landlord to be kept or performed, or should any warranty or representation made herein by Landlord be untrue and remain untrue after thirty (30) days written notice from Tenant specifying such untruth, then in such event Tenant may at Tenant's option terminate this Lease by written notice to Landlord and take such action or pursue such remedy as may be permitted under the laws of the State of Florida.

16. **ACCESS TO DEMISED PREMISES.** Landlord shall have the right to place, maintain and repair all utility equipment of any kind in, upon or under the Demised Premises. Landlord shall also have the right to enter the Demised Premises at all reasonable times to inspect and to make such repairs additions, alterations or improvements as Landlord may deem desirable. Landlord shall be allowed to take all material in, to and upon the Demised Premises that may be required therefore without the same constituting an eviction of Tenant in whole or in part and the rents reserved shall in no wise abate while said work is in progress. If Tenant shall not be personally present to permit an entry into the Demised Premises when for any reason an entry therein shall be permissible, Landlord may enter the same by a master key (or in the event of emergency or to prevent waste, by the use of force) without rendering Landlord liable therefore and without in any manner affecting the obligations of this Lease. The provisions of this paragraph shall in no wise be construed to impose upon Landlord any obligation whatsoever for the maintenance or repair of the building or any part thereof except as otherwise herein specifically provided.

17. **SUBORDINATION AND NON-DISTURBANCE.**

a. Landlord hereby covenants, warrants and agrees that at all times during the terms of this Lease, provided Tenant is not in default hereunder, Tenant's full, peaceful and quiet possession of the Demised Premises shall not be disturbed by Landlord.

b. Upon written request by Landlord, Tenant shall execute and deliver an agreement subordinating this Lease to any first mortgage upon the Demised Premises; provided, however, such subordination shall be upon the express condition that the validity of this Lease shall be recognized by the mortgagee, and that, notwithstanding any default by the mortgagor with respect to said mortgage or any foreclosure thereof, Tenant's possession and right of use under this Lease in and to the Demised Premises shall not be disturbed by such mortgagee unless and until Tenant shall breach any of the provisions hereof and this Lease or Tenant's right to possession hereunder shall have been terminated in accordance with the provisions of this Lease.

18. **ESTOPPEL CERTIFICATE.** Tenant shall at any time and from time to time, upon not less than fifteen (15) days prior written notice from Landlord, execute, acknowledge, and deliver to Landlord a statement in writing certifying certain facts including, without imitation, that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the dates to which the rental, and other charges, if any, are paid in advance, and acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, and no events or conditions then in existence which, with the passage of time or notice or both, would constitute a default on the part of Landlord hereunder, or specifying such defaults, events, or conditions, if any are claimed. It is expressly understood and agreed that any prospective purchaser or encumbrances of all or any portion of the Demised Premises or of the real property of which it is a part shall be entitled to rely upon any such statement. Tenant's failure to deliver such statement within such time shall, at the option of Landlord, constitute a breach or default under this Lease. If such option is not so exercised by Landlord, Tenant's failure shall be conclusive upon Tenant that (i) this Lease is in full force and effect without modification except as may be represented by Landlord; (ii) that there are no uncured defaults in Landlord's performance; and (iii) that not more than two (2) months' rental has been paid in advance.

19. **QUIET ENJOYMENT.** Tenant, upon paying the rents and performing all of the terms on its part to be performed, shall peaceably and quietly enjoy the Demised Premises subject, nevertheless, to the terms of this Lease and to any mortgage, ground lease or agreements to which this Lease is subordinated and covenants, conditions, restrictions and encumbrances appearing in the public records prior to the date of this Lease.

20. **TERMINATION.** Tenant may terminate this lease during the term hereof upon ninety (90) days prior written notice to Landlord or upon provision of notice of "fiscal nonfunding" should funds designated for the payment of rent not be appropriated by the applicable governmental agency.

21. **END OF TERM.**

a. At the expiration of this Lease, Tenant shall surrender the Demised Premises in the same condition as it was in upon delivery of possession thereto under this Lease, reasonable wear and tear accepted, and shall deliver all keys to Landlord. Before surrendering the Demised Premises, Tenant may remove all its personal property, trade fixtures, and decorations, and signage and shall repair any damage caused thereby. Tenant's obligations to perform this provision shall survive the end of the term of this Lease.

b. If the premises are not surrendered at the end of the term, then Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in so surrendering the Premises, including, without limitation, any claims founded on such delay made by any succeeding occupant of the premises or any part thereof, and Tenant shall be liable to Landlord for any and all legal expenses, costs, and fees incurred by Landlord in obtaining the possession of the Demised Premises.

22. **HOLDING OVER.** Any holding over after the expiration of this term or any renewal term shall be construed to be a tenancy from month to month and shall otherwise be on the terms herein specified so far as applicable.

23. **NO WAIVER.** Failure of Landlord or Tenant to insist upon the strict performance of any provision or to exercise any option or enforce any rules and regulations shall not be construed as a waiver for the future of any such provision, rule or option. The receipt by Landlord of rent with knowledge of the breach of any provision of this Lease shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver be in writing signed by the party purporting to waive the provision in question.

24. **NOTICES.** Any notice, demand, request or other instrument which may be or required to be given under this Lease shall be delivered in person, sent by United States Certified or Registered Mail, postage prepaid, or sent by a reputable overnight courier service and shall be addressed to either party at the address as herein above given. Any notice shall be deemed delivered upon hand delivery or three (3) days after depositing such notice in postal receptacles, return receipt requested or one (1) day after depositing such notice with a reputable overnight courier service. Either party may designate such other address as shall be given by written notice.

25. **PARTIAL INVALIDITY.** If any provision of this Lease or application thereof to any person or circumstance shall, to any extent, be invalid, the remainder of this Lease

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

26. **SUCCESSORS AND ASSIGNS.** Except as otherwise expressly provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representatives, successors and assigns and any sale by Landlord of the Demised Premises shall be subject to this Lease provided the Tenant is not in default at the time of such sale.

27. **ENTIRE AGREEMENT.** This Lease and the Exhibits hereto, set forth the entire agreement between the parties. Any prior conversations or writings are merged herein and extinguished. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by the party sought to be charged. Submission of this Lease for examination does not constitute an option for the Demised Premises and becomes effective as a Lease only upon execution and delivery thereof by Landlord to Tenant. It is herewith agreed that this Lease contains no restrictive covenants in favor of Tenant. The captions and numbers appearing herein are inserted only as a matter of convenience and are intended to define, limit, construe or describe the scope or intent of any paragraph, nor in any way affect this Lease.

28. **NO PARTNERSHIP.** Nothing contained in this Lease shall, or shall be deemed or construed so as to create the relationship of principal-agent, joint ventures, co-adventurers, partners or covenants between Landlord and Tenant; it being the express intention of the parties that they are and shall remain independent contractors one as to the other.

29. **RADON GAS DISCLOSURE.** Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

30. **MISCELLANEOUS.**

a. The Tenant, for itself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that 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, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (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, and as said regulations may be amended. That in the event of breach of any of the above nondiscrimination covenants, Landlord shall have the right to terminate the Lease and to reenter and repossess the Land and the facilities thereon, and hold the same as if the Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

b. It is clearly understood by the Tenant that no right or privilege has been granted which would operate to prevent any person, firm or corporation operating aircraft on the airport performing any services in its own aircraft with its own regular employees (including, but no limited to, maintenance and repair) that it may choose to perform.

c. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right.

d. Landlord reserves the right to further develop or improve the landing area of its airport as it sees fit, regardless of the desires of view of the Tenant, and without interference or hindrance from the Tenant.

f. Landlord reserves the right, but shall not be obligated to Tenant, to maintain and keep in repair the landing area of its airport and all publicly owned facilities of its airport, together with the right to direct and control all activities of Tenant in this regard.

g. During the time of war or national emergency, Landlord shall have the right to lease the landing area or any part thereof to the United States Government for military or naval use, and, if such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended.

h. Landlord reserves the right to take any action it considers necessary to protect the aerial approaches of its airport against obstruction, together with the right to prevent Tenant from erecting, or permitting to be erected, any building or other structure on or adjacent to the its airport which, in the opinion of the Landlord, would limit the usefulness of the Landlord's airport or constitutes a hazard to aircraft.

i. This Lease shall be subordinate to the provisions of any existing or future agreement between Landlord and the United States, relative to the

operation or maintenance of its airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the Landlord's airport.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Lease as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

Name: _____

Name: _____

Name: _____

Name: _____

"Landlord"

**ST. AUGUSTINE ST. JOHNS COUNTY
AIRPORT AUTHORITY**

By: _____

Name: Edward R, Wuellner, A.A.E.

Its: Executive Director

"Tenant"

NAME

By: _____

Name: _____

Its: _____

Address: _____

Exhibit “A” - Leased Premises

Exhibit “B” -Rental Calculation

RESIDENTIAL LEASE

I. TERM AND PARTIES. This is a lease (the "Lease") for a period of 12 months (the "Lease Term"), beginning _____, and ending _____, between ST, AUGUSTINE -- ST. JOHNS COUNTY AIRPORT AUTHORITY ("Landlord") and _____ and _____, ("Tenants").

II. PROPERTY RENTED. Landlord leases to Tenant the land and building located at _____, St. Augustine, Florida ("Premises.").

III. RENT PAYMENTS AND CHARGES. Tenant shall pay rent for the Premises in monthly installments of \$_____ each on the 1st day of each month ("Lease Payments").

IV. DEPOSITS AND LATE CHARGES. In addition to the Lease Payments described above, Tenant shall pay the following:

(A) A security deposit of \$_____ will be held in a separate non-interest-bearing account in a Florida banking institution for the benefit of Tenant. This security deposit DOES NOT act as the last month's rent. Upon the expiration of this Lease or after a termination from any thirty (30) day notice to vacate, the security deposit will be returned within fifteen (15) days to Tenant less damages, cleaning charges, and/or any other outstanding charges.

(B) A late charge in the amount of \$25.00 for each Lease Payment not received in full, at Landlord's address by 3:00 p.m. on the 10th day of the month.

(C) A bad check fee in the amount of \$25.00 if Tenant makes any Lease Payment with a bad check. If Tenant makes any Lease Payment with a bad check, Landlord can require Tenant to pay all future Lease Payments in cash or by money order. Further, if Tenant makes any Lease Payment with a bad check, a late charge will necessarily be assessed.

V. NOTICES. All notices to Landlord and all Lease Payments must be sent to Landlord at:

St. Augustine St. Johns County
Airport Authority
4796 U.S. 1 North
St. Augustine, FL 32095-5706
Attention: Property Coordinator

All notices to Landlord shall be given by certified mail, return receipt requested, or by hand delivery to Landlord.

Any notice to Tenant shall be given by certified mail, return receipt requested, or delivered to Tenant at the Premises. If Tenant is absent from the Premises, a notice to Tenant may be given by leaving a copy of the notice at the Premises.

VI. USE OF PREMISES.

(A) Tenant shall use the Premises only for residential purposes. Tenant also shall obey, and require anyone on the Premises to obey, all laws and any restrictions that apply to the Premises.

(B) Tenant agrees that there shall not be more than _____ permanent occupants on the Premises. Occupancy for more than 7 days in any rental period shall be deemed permanent occupancy,

(C) Tenant may keep or allow pets or animals on the Premises only with Landlord's approval of the pet or animal in writing.

(D) Tenant shall not keep any dangerous or flammable items that might increase the danger of fire or damage on the Premises without Landlord's consent.

(E) Tenant shall not create any environmental hazards on or about the Premises.

(F) Tenant shall not destroy, deface, damage, impair, or remove any part of the Premises belonging to Landlord, nor permit any person to do so.

(G) Tenant can not make any alterations or improvements to the Premises without first obtaining Landlord's written consent to the alteration or improvement.

(H) Tenant must act, and require all other persons on the Premises to act, in a manner that does not unreasonably disturb any neighbors or constitute a breach of the peace.

VII. MAINTENANCE. Landlord and Tenant agree that the maintenance of the Premises must be performed by the person indicated below:

(A) Elective Maintenance, Responsibility for arranging for and bearing the expense of each of the following is to be that of the party indicates as follows: L = Landlord; T = Tenant

_____ T _____	Smoke detectors
_____ T _____	Ceiling Fans
_____ L _____	Refrigerator
_____ T _____	Light Bulbs
_____ L _____	Range/Stove
_____ T _____	Extermination of roaches and ants
_____ L _____	Extermination of rats, mice and wood organisms
_____ L _____	Water Heater and Broken Pipes
_____ L _____	Locks and keys at move in
_____ T _____	Lock and keys during tenancy
_____ T _____	Clean and safe condition of outside areas
_____ T _____	Garbage removal and outside garbage receptacles
_____ T _____	Utilities

<u> T </u>	Sewer
<u> T </u>	Water
<u> T </u>	Lawn
<u> L </u>	Heat
<u> L </u>	Air conditioning
<u> T </u>	Heating and air conditioning filters

(B) Tenant shall be required to vacate the Premises on 7 days' written notice, if necessary, for extermination pursuant to this subparagraph. When vacation of the Premises is required for extermination, Landlord shall not be liable for damages but shall abate the rent.

(C) Nothing in this section makes Landlord responsible for any condition created or caused by the negligent or wrongful act or omission of Tenant, any member of Tenant's family, or any other person on the Premises with Tenant's consent.

(D) At all times during the Lease Term, Tenant:

1. shall comply with all obligations imposed upon tenants by applicable provisions of building, housing, and health codes;
2. shall keep the Premises clean and sanitary;
3. shall remove all garbage from the dwelling unit in a clean and sanitary manner;
4. shall keep all plumbing fixtures in the dwelling unit clean, sanitary, and in repair;
5. shall use and operate in a reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air conditioning, and other facilities and appliances, including elevators;
6. shall not change the entrance locks; and
7. shall not install any hooks, screws or nails in the wall, ceiling or woodwork, shall not paint, make alterations or changes in the Premises without the prior written consent of Landlord.

VIII. UTILITIES. Tenant shall pay all charges for hook-up, connection, and deposit for providing all utilities and utility services to the Premises during this Lease

IX. LANDLORD'S ACCESS TO PREMISES. Landlord or Landlord's Agent may enter the Premises in the following circumstances:

(A) At any time for the protection or preservation of the Premises.

(B) After reasonable notice to Tenant and at reasonable times, to inspect the Premises; make necessary or agreed-upon repairs, decorations, alterations, or improvements;

supply agreed services, or exhibit the Premises to prospective or actual purchasers, mortgagees, tenants, workers, or contractors under any of the following circumstances:

1. with Tenant's consent;
2. in case of emergency;
3. when Tenant unreasonably withholds consent; or
4. if Tenant is absent from the Premises for a period of at least one-half a

Rental Installment Period. (If the rent is current and Tenant notifies Landlord of an intended absence, then Landlord may enter only with Tenant's consent or for the protection or preservation of the Premises.)

X. PROHIBITED ACTS BY LANDLORD.

(A) Landlord cannot prevent Tenant's access to the Premises by any means including, but not limited to, changing the locks or using any boot lock or similar device.

(B) Landlord cannot remove the outside doors, locks, roof, walls, or windows of the Premises except for purposes of maintenance, repair, or replacement. Landlord cannot remove Tenant's personal property from the Premises unless the action is taken after surrender, abandonment, or a lawful eviction. If provided in a written agreement separate from the Lease, upon surrender or abandonment by Tenant, Landlord shall not be liable or responsible for storage or disposition of Tenant's personal property. (For the purposes of this section, abandonment means Tenant is absent from the Premises for at least one-half a Rental Installment Period without paying rent or giving Landlord reasonable notice of Tenant's absence.)

XI. CASUALTY DAMAGE. If the Premises are damaged or destroyed other than by wrongful or negligent acts of Tenant or persons on the Premises with Tenant's consent, so that the use of the Premises is substantially impaired, Tenant may terminate the Lease within 30 days after the damage or destruction and Tenant will immediately vacate the premises. If Tenant vacates, Tenant is not liable for rent that would have been due after the date of termination. Tenant may vacate the part of the Premises rendered unusable by the damage or destruction, in which case Tenant's liability for rent shall be reduced by the fair rental value of the part of the Premises that was damaged or destroyed.

XII. DEFAULT.

(A) **Landlord's Default.** Except as noted below, Landlord will be in default if Landlord fails to comply with the material provisions of the Lease and such failure continues for more than 7 days after Tenant delivers a written notice to Landlord that tells Landlord how Landlord has violated the Lease.

If Landlord's failure to comply is due to causes beyond the Landlord's control and if Landlord has made, and continues to make, every reasonable effort to correct the problem, the Lease may be altered by the parties as follows:

1. If Landlord's failure to comply makes the Premises uninhabitable and Tenant vacates, Tenant shall not be liable for rent during the period the Premises remains uninhabitable.

2. If Landlord's failure to comply does not make the Premises uninhabitable and Tenant continues to occupy the Premises, the rent for the period of noncompliance will be reduced by an amount in proportion to the loss of rental value caused by the noncompliance.

(B) **Tenant's Default.** Tenant will be in default if any of the following occur:

1. Tenant fails to pay rent when due and the failure continues for 3 days, excluding Saturday, Sunday, and legal holidays, after delivery of written demand by Landlord for payment of the rent or possession of the Premises.

2. Tenant fails to perform its obligations under the Lease, and the failure is such that Tenant should not be given an opportunity to correct it. Examples of such failures which do not require an opportunity to correct include, but are not limited to, destruction, damage, or misuse of Landlord's or other Tenant's property by an intentional act or a subsequent or continued unreasonable disturbance.

3. Except as provided above, Tenant fails to perform any other obligation under the Lease and the default continues for more than 7 days after delivery of written notice to Tenant from Landlord specifying the default.

(C) **No Waiver of Default.** Landlord's acceptance of rent knowing of Tenant's default or acceptance of performance by Tenant of any provision of the Lease different from the performance required by the Lease, does not act as a waiver of any of Landlord's rights under the Lease.

XIII. REMEDIES

(A) If Tenant remains on the Premises after expiration or termination of the Lease without Landlord's permission, Landlord may recover possession of the Premises in the manner provided for by law. Landlord also may recover double rent for the period during which Tenant refuses to vacate the Premises.

(B) If Tenant defaults under the Lease by failing to pay rent, as set forth in Section X11(B)(1), Landlord may terminate Tenant's rights under the Lease and Tenant shall vacate the Premises immediately. Further, Landlord may recover possession of the Premises as provided by law. If Tenant defaults under the Lease for any other reason, Landlord may terminate Tenant's rights under the Lease and Tenant shall vacate the Premises within 7 days of delivery of the notice of termination. Further, Tenant shall forfeit its security deposit.

(C) If Tenant fails to cure a default within the time specified in the notice to Tenant, Landlord may recover possession of the Premises as provided by law.

(D) If Tenant has defaulted under the Lease and Landlord has obtained a writ of possession, if Tenant has surrendered possession of the Premises to Landlord, or if Tenant has abandoned the Premises, Landlord may:

1. Treat the Lease as terminated, retake possession for Landlord's own account, and any further liability of Tenant will be ended;

2. Retake possession of the Premises for Tenant's account. Tenant will remain liable for the difference between rent agreed to be paid under the Lease and rent Landlord is able to recover in good faith from a new tenant; or

3. Do nothing, and Tenant will be liable for the rent as it comes due.

(E) If Landlord retakes possession of the Premises for Tenant's account, Landlord must make a good faith effort to release the Premises. Any rent received by Landlord as a result of the new lease shall be deducted from the rent due from Tenant. For purposes of this section, "good faith" in trying to release the Premises means that Landlord shall use at least the same efforts to re-lease the Premises as were used in the initial rental or at least the same efforts as Landlord uses in attempting to lease other similar property. It does not require Landlord to give a preference in leasing the Premises over other vacant properties that Landlord owns or has the responsibility to rent.

(F) Tenants shall pay to Landlord the equivalent of Lease Payments, in the event Tenant terminates the Lease prior to its terms.

(G) Each party will have any other remedies available at law or in equity.

(H) **Attorney's Fees.** In any lawsuit brought by Landlord to enforce the Lease or under applicable law and prevails, Landlord shall recover its reasonable court costs and attorneys' fees (including those expended in any bankruptcy proceedings or appellate proceedings) from Tenant.

XIV. ASSIGNMENT AND SUBLEASING. Tenant can not assign the Lease or sublease all or any part of the Premises.

XV. RISK OF LOSS. Landlord shall not be liable for any loss by reason of damage, theft, or otherwise to the contents, belongings, and personal effects of the Tenant, or Tenant's family, agents, employees, guests, or visitors located in or about the Premises, or for damage or injury to Tenant or Tenant's family, agents, employees, guests, or visitors.

Tenant agrees to accept Premises in "as is" condition with regard to any condition or item that Tenant would be able to observe in an inspection of the Premises prior to leasing and occupancy.

Tenant will be held liable for willful or negligent damage done to the Premises, fixture, appliances or flooring caused by the tenant or by persons introduced to the Premises by the Tenant.

Tenant will promptly check the inventory of the Premises and the fixtures and return a signed copy of the inventory to Landlord within 5 days, noting any exceptions; otherwise Tenant assumes liability for all items on inventory.

XVI. LIENS. Tenant shall not have the right or authority to encumber the Premises or to permit any person to claim or assert any lien for the improvement or repair of the Premises made by Tenant. Tenant shall notify all parties performing work on the Premises at Tenant's request that the Lease does not allow any liens to attach to Landlord's interest.

XVII. RENEWAL/EXTENSION/TERMINATION. The Lease can be renewed or extended only by a written agreement signed by both Landlord and Tenant, but no renewal may extend the term to a date more than 1 year after the Lease begins. A new lease is required for each year.

Landlord may terminate this lease at its sole discretion and without cause upon thirty (30) days notice to Tenant.

XVIII. INSURANCE: Tenant acknowledges that the Landlord does not carry nor extend insurance coverage related to any of the Tenant's contents or belongings.

Contents insurance is at the discretion of the Tenant.

Tenant agrees to hold harmless the Landlord for any damage occurring as the result of any action other than gross negligence on the part of Landlord. Tenant agrees, at Tenant's expense, to maintain in force continuously throughout the term of this lease and extensions hereof, a tenant homeowners policy covering liability with limits of \$300,000 for injury to one person, and medical payments of \$5,000 per person, and shall upon written request of Landlord, furnish Landlord a certificate by insurer that such insurance is in force,

XIX. MISCELLANEOUS.

(A) Time is of the essence of the Lease.

(B) The Lease shall be binding upon and for the benefit of the heirs, personal representatives, successors, and permitted assigns of Landlord.

(C) Whenever used, the singular number shall include the plural or singular and the use of any gender shall include all appropriate genders.

(D) This Lease contains the complete understanding of the parties and may not be changed or terminated orally.

(E) No agreement to accept surrender of the Premises from Tenant will be valid unless in writing and signed by Landlord.

(F) All questions concerning the meaning, execution, construction, effect, validity, and enforcement of the Lease shall be determined pursuant to the laws of Florida.

(G) The place for filing any suits or other proceedings with respect to the Lease shall be St. Johns County, Florida.

(H) Landlord and Tenant will use good faith in performing their obligations under the Lease.

(I) As required by law, Landlord makes the following disclosure:

"RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

The Lease has been executed by the parties on the dates indicated below:

St. Augustine - St. Johns County
Airport Authority

Tenant's Signature

Print Tenant's Name

Tenant's Signature

Print Tenant's Name
Date:_____

Witness
Date:_____

Edward R. Wuellner
Executive Director

St. Augustine - St. Johns County
Airport Authority
Date:_____