

## **Griffin-Spalding County Airport Authority Leasing Policy**

**Whereas**, the Griffin-Spalding County Airport Authority, hereinafter called the Authority, is tasked with establishing policy for the proper operation and financial well-being of the Griffin-Spalding County Airport (XXX); and

**Whereas**, the Griffin-Spalding County Airport Authority routinely enters into long-term lease agreements with lessees who use their aircraft as well as private businesses at XXX Airport; and

**Whereas**, there is a need to provide a framework governing such leasing and rental decisions as they relate to the development of new agreements and, as appropriate, modifications to existing agreements; and

**Whereas**, all leases at XXX Airport provide significant value and revenue in the form of capital improvements and escalating lease payments; and

**Whereas**, there exists a need to achieve the optimal use of scarce assets under changing market conditions, the Authority desires to ensure that in executing such leases the Authority is obtaining fair and equitable lease terms from current and prospective tenants; and

**Whereas**, the Authority may determine fair market value for the use of such premises at the XXX Airport without necessarily submitting the lease of such premises through a competitive bid process, such as the Request for Proposal (RFP) process; and

**Whereas**, based on certain objective criteria, the Authority, may desire to renew its lease of such premises at XXX Airport to current tenants at fair market value, as opposed to submitting the re-lease of such premises through a competitive bid process, if, at the sole discretion of the Authority, such is determined to be in the best interest of the XXX Airport.

**Now therefore**, let it be known that the Griffin-Spalding Airport Authority hereby adopts the following policy for new leases and amended leases at the XXX Airport.

### **Definition of Lease.**

“**Lease**” means a written agreement between the Authority and an individual or entity which gives rise to a new or renewed relationship of landlord and tenant or Lessor and Lessee for property, real or personal, located at XXX Airport, whether such written agreement creates a leasehold interest by an assignment, extension, modification, amendment or conversion for a different purpose of an existing agreement.

Rentals for aircraft tie-downs and Airport owned T-hangar space, used exclusively for aircraft parking shall not be considered as a “lease” for purposes of this ordinance.

### **Authority to Lease.**

The Authority has the authority to enter into leases and the renewal of leases of premises located at XXX Airport.

### **Consistency with Long-Term Master Plan.**

Airport property proposed to be leased shall be located in areas designated for the proposed uses according to the Airport Master Plan and / or the current Airport Layout Plan.

### **Requirement for Appraisal.**

Prior to renewing or amending the term of any lease covered by this policy or amending the length of the term of any lease covered by this policy, the Airport Director shall obtain one (1) professional airport-aviation related appraisal of the available leasehold interest in order to determine the current and future Fair Market Value (FMV) to be placed on such leasehold. One (1) review appraisal may be obtained to ensure the overall validity and methodology used in the actual appraisal.

### **Requirements for Renewal of Leases.**

- (a) All request for renewal of a lease by a lessee must be made at least 365 calendar days prior to the expiration of the existing lease term. Requests for renewal of a lease by a lessee made less than 365 days from the existing lease term may, at the sole discretion of the Authority, not be considered by the Authority. The written request to extend the term of any lease must contain the details of the lessee's proposal for extension and must address all of the factors set forth in this section. The Authority shall exercise good faith efforts to conclude negotiations for renewal of subject lease no later than three (3) months prior to the expiration of the existing lease.
  1. If a request for renewal or extension that complies with the requirements of this section is not received by the Airport Director in a reasonably timely manner, such as may result in the subject premises becoming vacant at the expiration of the existing term, the Airport Director shall then process a new lease with the first individual or entity on an existing waiting list. In the event that there is no waiting list, the Airport Director shall take any and all necessary action to seek competitive offers pursuant to a publicly advertised request for proposal process for rental of the subject premises at the expiration of the lease at issue.
- (b) The written request shall be made to the Airport Director and shall be deemed sufficiently given when same is: (i) delivered personally, by messenger, by courier or by Process Server; (ii) deposited in the United States Postal System mail, sufficient postage prepaid, registered or certified mail, with return receipt requested, addressed to the recipient or (iii) by electronic email so long as a written (electronic) receipt is received.
- (c) A request for renewal of any lease shall be for no more than the shortest reasonable duration taking into account (1) the operational needs and capital investment in leasehold improvements of the tenant and (2) the ability of the Authority to manage capacity and long-term airport development. In no case shall the renewal term of any lease exceed 20 years unless it is determined by the Authority that the proposal adds substantial benefit and / or benefit to the Airport.
- (d) In the event a timely request for renewal is received by the Airport Director, the Authority shall perform its due diligence in deciding whether to extend the current lease, and shall consider such factors as:

1. The history of the relationship with the lessee, including whether the lessee has violated any airport or Authority policies, rules and regulations, minimum standards, or has violated any environmental laws including but not limited to unreported fuel spills, unapproved washing or deicing of aircraft;
2. Whether the lessee has in all material respects complied with the existing lease terms, including whether all lease payments have been made in a timely manner;
3. Whether the proposed rental payment meets or exceeds the appraised fair market value of the premises;
4. Whether the current lessee has agreed to accept lease provisions recommended by the Airport Director which may include, but not limited to, a requirement to make capital improvements to the leasehold with such capital improvements reverting to the ownership of the Authority at the expiration of the lease; escalating rental payments; payments for various fees;
5. Whether the overall proposal adds value or benefit to the Airport premises, and is consistent with the long-term vision of the Authority;
6. The opinion and recommendation of the Airport Director; and,
7. The required appraisal.

### **Airport Investment**

Tenant investment actions in existing facilities, or in the construction of new facilities, will be shaped through this policy and the long-range Airport Master Plan or the current Airport Layout Plan. Tenant investment shall be approved in advance by the Authority; constructed in accordance with airport guidelines, applicable building codes and environmental standards and subject to ongoing oversight by the Authority.

Unless otherwise stated in a lease, title to improvements financed by tenants or third parties shall revert to the Authority at the expiration or termination of the lease or earlier as provided for in the lease agreement. The Authority may, at its option, negotiate in the lease the right to require that the tenant demolish and remove such improvements and return the premises to their original condition, ordinary wear and tear excepted.

Except as provided in the lease agreement, tenants shall be responsible for maintaining the entire premises including existing structures, all facilities, and any improvements to the premises.

### **Encumbrances**

A tenant shall not mortgage, pledge, assign as collateral, encumber, or in any manner transfer, convey, or dispose of leased premises or improvements thereon or any interest therein for any purpose or intent without the prior written consent of the Governing Authority, which consent shall not be unreasonably withheld. The encumbrance of land is expressly prohibited under any circumstances.

### **Prohibited Activities**

Airport land and / or improvements shall not be occupied or used for any activity that is contrary to the safe and efficient operation of the airport, including, but not limited to, any activity that jeopardizes the safety of the public, aircraft, or property located at the airport, or any activity that is inconsistent with current Federal Aviation Administration grant assurances.

### **Compliance**

The Airport Director (and or his / her designee) shall monitor compliance with lease provisions. The premises of each lease shall be subject to periodic physical inspection and audits conducted by the Authority or its agent. The premise inspections and lease audits shall be conducted as appropriate with reasonable advance notification.

### **Final Award**

The Authority shall have the authority to award such leases after fully considering the proposed terms of the agreement. However, after full consideration of the proposed agreement the Authority may take any action necessary including entering into negotiations with the first individual or entity on an existing waiting list. In the event that there is no waiting list, the Authority may direct the Airport Director to take all necessary actions to seek competitive offers pursuant to a publicly advertised request for proposal process for rental of the subject premises at the expiration of the lease at issue.

### **Severability**

Should any section or provision of this policy be declared by a court of competent jurisdiction to be invalid or unconstitutional, such decision shall not affect the validity of the ordinance as a whole nor any part thereof other than the part so declared to be invalid or unconstitutional.

### **Effective Date**

This policy shall become effective upon adoption by the Authority and shall apply to all lease negotiations subsequent to the opening of the new Griffin-Spalding County Airport (XXX).