



Truckee Tahoe Airport District
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General Aviation Leasing/Rents and Fees Policy

Truckee Tahoe Airport District

Truckee Tahoe Airport (TRK)

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1. INTRODUCTION

1.1. *Purpose*

This General Aviation Leasing/Rents and Fees Policy (Policy) sets forth the parameters that shall be used by the Truckee Tahoe Airport District (TTAD) for leasing land and/or Improvements for Commercial and/or Non-Commercial General Aviation purposes at the Truckee Tahoe Airport (Airport). In addition, this Policy outlines the process that shall be used by the TTAD to establish and adjust General Aviation rents, fees, and/or other charges associated with leasing, occupying, and/or using Airport land and/or Improvements for Commercial and/or Non-Commercial General Aviation purposes.

Entities shall not occupy Airport land and/or Improvements for any purpose unless the entity has an Agreement or Sublease. In addition, entities shall not conduct Commercial General Aviation Aeronautical Activities (Activities) at the Airport unless the entity has an Agreement with TTAD authorizing such Activities.

The TTAD reserves the right to designate specific Airport land and/or Improvements in which Commercial and/or Non-Commercial General Aviation Aeronautical Activities may or may not be conducted. The right to use the Airport and any Airport land and/or Improvements is non-exclusive with exception of the land and/or Improvements that are leased to an entity by the TTAD.

1.2. *General Provisions*

This Policy incorporates, by reference, Section 1 (General Provisions) of the Rules and Regulations. The terms identified by use of a capital letter in this Policy are addressed in Section 1.2 and provided in Section 9.1 of the Rules and Regulations.

1.3. *Applicability*

This Policy shall apply to any new Agreement or any new amendment to any existing Agreement relating to the leasing of land and/or Improvements, including the establishment or adjusting of rents, fees, and other charges, for Commercial and/or Non-Commercial General Aviation Aeronautical Activities.

This Policy shall not affect any Agreement or amendment thereto that is properly executed prior to the date of adoption of this Policy except as provided for in such Agreement, in which case, this Policy shall apply to the extent permitted by such Agreement.

1.4. *TTAD Negotiator*

The General Manager shall negotiate all Agreements, permits, and other instruments consistent with this Policy. The Board shall review such instruments for acceptability, but shall not act as a negotiating party.



2. LEASING AIRPORT LAND AND/OR IMPROVEMENTS

2.1. Application

Any entity desirous of leasing Airport land and/or Improvements at the Airport shall complete all relevant and applicable sections of the Lessee and/or Operator Application (Application) and submit the Application and non-refundable Application Fee to the General Manager. If an existing Lessee desires to enter into a new Agreement, the Lessee shall notify the TTAD 12 months in advance of the expiration date of the Lessee's existing Agreement.

The new Agreement shall be subject to all applicable Legal Requirements including the Airport Sponsor Assurances (Assurances); the Federal Aviation Administration's (FAA) regulations, obligations, and guidance; the Airport's policies, standards, rules, regulations, and directives including the Primary Management and Compliance Documents (PMCDs); and applicable zoning, building, fire, and safety codes; and all other Legal Requirements of any Agency having jurisdiction.

2.2. Approval Process

Once Applicant has submitted a completed Application, thereafter, Applicant shall submit any additional information, data, and/or documentation that may be required or requested by the TTAD in order to properly and fully evaluate the Application. Incomplete Applications may be rejected. Applications that do not comply with this Policy and/or the PMCDs shall be rejected. Additionally, Applications may be rejected by the TTAD in accordance with Section 1.23 of the Rules and Regulations.

Within 90 calendar days of receiving a completed Application, the General Manager shall convey the key terms and conditions (including rents, fees, and other charges) that have been established by the TTAD for leasing the Airport land and/or Improvements identified by the Applicant or convey the reason(s) for rejecting the Application in writing to the Applicant. Within 30 calendar days of receiving the key terms and conditions from the TTAD, the Applicant shall indicate if the key terms and conditions established by the TTAD are acceptable to the Applicant.

- Applicants should understand that, while the TTAD may negotiate key terms and conditions, many provisions have been established to ensure uniformity and consistency among Agreements. In order to avoid the appearance that the TTAD has created an exclusive right or has unjustly discriminated against an Applicant or Lessee, the General Manager has limited ability to tailor key terms and conditions to a particular Applicant.
- If the key terms and conditions established by the TTAD are not acceptable to the Applicant, the Applicant shall present to the TTAD the key terms and conditions that are acceptable to the Applicant within 30 calendar days of receiving the information from the TTAD.
- The TTAD may then negotiate the key terms and conditions with the Applicant and/or initiate the Competitive Proposal Process described in Section 2.3 of this Policy.



- If the TTAD and the Applicant are unable to reach agreement on the key terms and conditions within 30 calendar days of the time the information is presented to the TTAD by the Applicant, the TTAD is not obligated to lease Airport land and/or Improvements to the Applicant.

Upon the TTAD and the Applicant reaching agreement on the key terms and conditions, the Applicant shall: (a) enter into a Memorandum of Understanding (MOU) with the TTAD outlining the key terms and conditions, and (b) pay an earnest money deposit in cash or letter of credit to the TTAD in the amount equivalent to the rents, fees, and other charges (total compensation) for the first month of the Agreement or the amount specified in the TTAD Master Rents and Fees Schedule (whichever is greater) – as evidence of the Applicant's good faith to enter into an Agreement with the TTAD.

- If an MOU is not executed by the TTAD and the Applicant within 30 calendar days of reaching agreement on the key terms and conditions, the TTAD is not obligated to lease Airport land and/or Improvements to the Applicant.

Once the MOU is executed by the Applicant and TTAD, an Agreement shall be prepared by the TTAD for review by the Applicant. Once the Applicant executes the Agreement, the Agreement shall be presented to the TTAD for execution.

- If the Applicant does not execute the Agreement within 15 calendar days of receiving the Agreement, the earnest money deposit shall be forfeited by the Applicant to the TTAD.

When the TTAD indicates intent to execute the Agreement, the Applicant shall pay a security deposit in the form of cash or a letter of credit – in the amount equal to 10% of the rents, fees, and other charges (total compensation) for the first year of the Agreement or the amount specified in the TTAD Master Rents and Fees Schedule (whichever is greater) – to the TTAD within 30 calendar days.

- If the Applicant does not pay the security deposit to the TTAD within 30 calendar days, the Agreement shall not be executed by the TTAD and the earnest money shall be forfeited by the Applicant to the TTAD.
- If the TTAD does not execute the Agreement within 30 calendar days (or in a time period mutually agreed upon in writing by the parties), the earnest money and the security deposit shall be returned to the Applicant, without interest, within 45 calendar days.

2.3. Competitive Process

TTAD Initiative – If Airport land and/or Improvements exist or become available, in the TTAD's sole discretion, the TTAD may issue a Request for Interest (RFI), Request for Qualifications (RFQ), and/or a Request for Proposal (RFP) from entities that may be interested in leasing Airport land and/or Improvements.



- Guidelines for the development of the RFI/RFQ/RFP document are provided in Appendix 5.1 of this Policy.
- The TTAD shall advertise the RFI/RFQ/RFP opportunity. Advertising Guidelines are provided in Appendix 5.2 of this Policy.

The TTAD may, in its sole discretion, hold a pre-proposal meeting to: (a) discuss the RFI/RFQ/RFP opportunity, document, and/or related processes, (b) give a tour of the Airport and/or the subject land and Improvements, and (c) provide prospective respondents with the opportunity to ask questions.

After the stated deadline, the TTAD shall review the submittals for compliance with the RFI/RFQ/RFP specifications and criteria and shall rank the submittals.

- Submittals received after the stated deadline shall not be considered and shall be returned unopened.
- The TTAD may, in its sole discretion, interview respondents.
- The TTAD has the right to reject any or all submittals, to advertise for new submittals, and/or to modify any or all RFI/RFQ/RFP processes.
- The TTAD shall be under no obligation to make an award or to make an award to the respondent specifying the highest level of compensation to the TTAD.

Upon completion of an RFI process (if utilized), the TTAD may, in its sole discretion, invite respondents to respond to an RFQ or RFP. Upon completion of an RFQ process (if utilized), the TTAD may, in its sole discretion, invite the most qualified respondents to respond to an RFP.

- If only one respondent is considered qualified by the TTAD, the TTAD may, in its sole discretion, negotiate an Agreement with the qualified respondent without issuing an RFP.

Upon completion of an RFP process (if utilized), the TTAD may select the best respondent in the TTAD's sole discretion. Once selected respondent and TTAD shall utilize the MOU and Agreement process outlined in Section 2.2 of this Policy. If the TTAD and the best respondent are unable to reach agreement on an MOU or Agreement, at the sole discretion of the TTAD, the TTAD may negotiate with the next best respondent and so on.

Initiative of Others – If, during the Application process, another qualified entity expresses interest in leasing (and demonstrates an immediate need, as described in Section 2.4 of this Policy, for) the subject land and Improvements, the TTAD may, in its sole discretion, negotiate with the entity(ies) and/or issue an RFQ/RFP in which case, the Competitive Proposal Process described in Section 2.3 of this Policy shall be followed.

However, once the MOU (as discussed in Section 2.2 of this Policy) is: (a) executed by the Applicant and TTAD, and (b) the earnest money deposit has been provided, the TTAD is under no obligation to negotiate with any entity other than the Applicant or issue an RFQ/RFP.

**2.4. Demonstrating Immediate Need**

An entity seeking to lease Airport land must demonstrate that a plan to begin construction of Improvements as soon as practical after approval of an Agreement by the TTAD exists. If an entity does not intend to develop or otherwise use the entire proposed Leased Premises Immediately, a phasing plan must be proposed, which shall be approved by the TTAD. Applicants should understand that long-term land banking merely for the purpose of unspecified or uncertain future development is not acceptable.

2.5. Public Disclosure

Applicants and RFI/RFQ/RFP respondents should be aware that the TTAD, as a California governmental entity or municipal corporation, is subject to the California Public Records Act Sections 6250, et seq., of the California Government Code and other applicable law, which gives the public the right to examine documents in possession of a California governmental entity or municipal corporation.

If an Applicant or respondent identifies any proprietary and/or confidential information submitted to the TTAD and the TTAD receives a request from the public for release of such information, the TTAD shall notify the Applicant or respondent prior to releasing such information. Applicant has 7 days from date of TTAD notification to notify the TTAD of an objection; if so, Applicant shall agree to indemnify and hold harmless the TTAD from any resulting litigation, including but not limited to TTAD legal fees and costs and any associated court ordered award to requesting party per Section 3.3.

2.6. TTAD Improvement Leasing

The TTAD may, at its sole discretion, enter into a month-to-month Non-Commercial Aircraft Hangar Agreement which grants an entity the right to use and/or occupy a TTAD Hangar at the Airport in accordance with Appendix 5.3. A Non-Commercial Aircraft Hangar Agreement shall, at a minimum, include the provisions set forth in Appendix 5.4.

2.7. Approval and Authorizations

Actions Requiring Board Approval – All Agreements, as well as the approval of options to extend the term of Agreement for more than one year, shall be approved by the Board.

General Manager Signature Authority – The General Manager is authorized to sign the following real estate transactions: approval of encumbrances; attornment agreements; estoppel certificates; holdover notices; rent credits of \$1,000 or less; consents to sublease; incidental uses; and right-of-entry, occupancy, and sign permits.

Other Approvals/Signature Authority – The TTAD Director of Finance and Administration is authorized to sign and notify Lessees of consumer price index adjustments, rent adjustments, and letters of default.



2.8. Discretionary Hangar Assignments for Commercial Entities

The District reserves the right to assign District hangars at its discretion and independent of other hangar assignment policies for Specialized Aviation Service Organizations (SASO) and/or Commercial Operator Permit (COP) holders who provide general services and benefit to the public and District constituents at large. The District will not evict or remove hangar use privileges of a current non-commercial hangar tenant to accommodate a SASO or COP holder but may shift or relocate tenants to accommodate an aeronautical use which holds out and provides readily available services to District constituents at large.

3. AGREEMENTS

3.1. Introduction

The Agreement will outline the terms and conditions under which the entity is authorized to occupy and/or use Airport land and/or Improvements. This Policy outlines the key terms and conditions which shall be included, at a minimum, in the Agreement as well as other terms and conditions which may be included in the Agreement.

This Policy does not represent a complete recitation of the provisions to be included in the Agreement and the provisions contained in any Agreement shall not be deemed or construed to modify this Policy.

3.2. Key Terms and Conditions

Recitals

All recitals shall include, at a minimum, the desires of the TTAD and the Lessee. All recitals shall be incorporated into the Agreement by reference.

Definitions

Consistent with the PMCDs, all defined words are identified in the Rules and Regulations and shall be incorporated into the Agreement by reference.

All words or phrases defined in the PMCDs, whenever used in the Agreement, shall be identified by use of a capital letter and the meaning shall be construed accordingly (as defined in the PMCDs) unless the context dictates a different meaning.

Leased Premises

The Leased Premises shall be clearly defined and described including the square footage of each land and Improvement component and the address(es) of the Leased Premises. If a Lessee desires to construct additional Improvements on the Leased Premises, a statement shall be made to that effect and the process shall be outlined. All Leased Premises shall be inspected by the Lessee and Lessee's acceptance of (and responsibilities relating to) the Leased Premises shall be clearly stipulated.

Leased Premises used for Aeronautical Activities may not be converted to non-aeronautical use without approval of the TTAD. TTAD will rarely grant such requests for conversion of the type of use and never on a permanent or long-term basis.



Use

Aeronautical Use (Commercial) – The Agreement shall identify the required Commercial General Aviation products, services, and/or facilities to be provided by the Operator. The Agreement may identify optional General Aviation products, services, and/or facilities that may be provided without the approval of the TTAD. The Agreement may also identify additional General Aviation products, services, and/or facilities that may be provided, subject to obtaining the prior written consent of the TTAD.

Aeronautical Use (Non-Commercial) – For Non-Commercial occupancy and/or use of Airport land and/or Improvements, the Agreement shall stipulate that the entity shall not offer or provide Commercial General Aviation products, services, or facilities or conduct Commercial activities at the Airport and/or from the Leased Premises, unless provided for in a separate Agreement with the TTAD.

Non-Aeronautical Use – The TTAD may, in its sole discretion, consider leasing Airport land and/or Improvements for non-aeronautical activities in the event the non-aeronautical use of Airport land and/or Improvements does not interfere with the primary aeronautical use of Airport land and/or Improvements and is not in violation of any Legal Requirements, including the Assurances.

If such use is contemplated, the Applicant must prove that the subject Airport land and/or Improvements will not be needed for Activities (or aeronautical uses including Airport development) during the entire term (including the base term of the Agreement and option periods, if applicable) of a proposed Agreement. The leasing of Airport land and/or Improvements for non-aeronautical activities will not be allowed without the prior written consent of the FAA.

Prohibited Uses – All prohibited uses of the Leased Premises shall be identified including any uses contrary to the Airport Layout Plan, Airport Land Use Plan, and/or Legal Requirements. All other uses are prohibited unless expressly permitted within the Agreement.

Compliance – The Agreement shall require compliance with the PMCDs and all applicable Legal Requirements.

Term

The term of the Agreement shall be determined through a negotiated process with the goal of creating benefit for the Airport and the community with reasonable return on investment for Lessee. The original term, commencement date, and ending date shall be conveyed in the Agreement. The term of the Agreement shall be commensurate with the amount of Capital Investment made by the Lessee in the Leased Premises, consistent with the Capital Investment formulas as specified in the TTAD Master Rents and Fees Schedule.

The required Capital Investment shall be based on the type of Activities and the category of Aircraft being serviced or operated. If a Hangar is constructed, the required Capital Investment shall be based on the highest category of Aircraft the Hangar is capable of accommodating.



Notwithstanding circumstances beyond the control of the Lessee and if the TTAD agrees in writing that such circumstances were beyond the control of the Lessee, all Improvements to the Leased Premises shall be completed and occupied and/or used by the Lessee within 12 calendar months (or as maybe extended by the TTAD) of the commencement date of the Agreement.

The Capital Investment formulas identified in the TTAD Master Rents and Fees Schedule shall be adjusted every five years (e.g., January 1, 2020, 2025, 2030, etc.) based on the change in the Airport Economic Index (described in Section 4.3 of this Policy). At the discretion of the TTAD, the Capital Investment formula may be adjusted to reflect the change in the cost of construction in the market using a similar mechanism.

When Capital Investment is made, the term of the Agreement will be tied to the amount of the Capital Investment (i.e., the larger the Capital Investment, the longer the term of the Agreement). In no event will the term (including any unilateral options) be greater than 40 years. When no Capital Investment is made, the term of the Agreement shall be at the discretion of the TTAD, but shall not be greater than 20% of the term of the previous Agreement (if an existing Lessee) or 4 years, whichever is less. When a Lessee makes additional Capital Investment in the Leased Premises and/or on the Airport during the term of the existing Agreement, the term of the Agreement may be extended by the TTAD based on the level of Capital Investment made by the Lessee:

- If the term of the Agreement is extended by the TTAD: (a) the Agreement shall be amended in accordance with this Policy, the PMCDs, and all applicable Legal Requirements in effect at the time and (b) the remaining term of an existing Agreement plus the term of any extension thereto shall not be greater than 40 years.

The TTAD shall strive to amortize all Capital Investment made by a Lessee within the base lease term of the Agreement. If Capital Investment is made (at the beginning of the Agreement or during the term of an existing Agreement) above the amount commensurate with the maximum term of 40 years (based on the type of Activities and the category of Aircraft being serviced or operated), the TTAD may, in its sole discretion, consider allowing Lessee to amortize the Capital Investment. At the end of the Agreement term, the TTAD may consider one of the following options however; the TTAD is under no obligation to do so:

- enter into a new Agreement with Lessee providing for continued amortization of or compensation for the Capital Investment commensurate with remaining amortization period or
- enter into a new Agreement with a new Lessee and require new Lessee to compensate previous Lessee for the unamortized portion of the Capital Investment.

The renewal process, rights, and timeframe for exercising any renewal options shall be outlined in the Agreement. If Improvements are part of the Leased Premises, certain maintenance, repairs, and/or restoration may be required prior to renewal.



For Activities, in the event the use and/or occupancy of the Leased Premises is going to be transitioned from the Lessee to another entity, the cooperation of the Lessee shall be required and a statement (to this effect) shall be included in the Agreement.

Extension – Unless explicitly provided for in the Agreement, Lessee shall have no entitlement to extend an Agreement. An Agreement may only be extended upon determination of the Board that it serves the public purpose of the TTAD and is in the best interest of the public.

Rents, Fees, Payments, and Late Charges

Rent – The rent to be paid by the Lessee to the TTAD shall be identified in the Agreement on a square foot basis for each land and Improvement component of the Leased Premises. All Airport rents shall be established and adjusted in accordance with Section 4 of this Policy.

Fees – The applicable fees to be paid by the Lessee to the TTAD shall be identified in the Agreement. All Airport fees shall be established and adjusted in accordance with Section 4 of this Policy.

Payments and Late Charges – The Agreement shall identify the frequency, the due date, and the acceptable manner for making payments of the rents and fees, including the delivery address. Additionally, the time at which a payment is considered late shall be stipulated and the process for applying late charges (and any related interest) shall be outlined.

Improvements

All Improvements shall comply with this Policy, the PMCDs, and all applicable Legal Requirements. Lessee shall procure all building, fire, safety, and other required permits.

Upon expiration of the term of the Agreement, at the option of the TTAD, ownership of the permanent Improvements that have been made to the Leased Premises by the Lessee shall revert to the TTAD at no cost or the permanent Improvements identified by the TTAD shall be demolished and/or removed by the Lessee and the Lessee shall return the Leased Premises to its original condition and character, normal wear and tear excepted.

Lessee's Rights and Privileges

The right of use, location, and hours of ingress and egress shall be identified in the Agreement. The Lessee shall be permitted to use the Airport and its appurtenances together with all public areas and facilities in common with all Airport users. Additionally, the Lessee shall be solely liable for and shall reimburse the TTAD for any expenses incurred by the TTAD for repair of any damage cause by the Lessee and Lessee's employees, visitors, customers, and vendors at the Airport.

Subject to compliance with the Agreement, the Lessee shall be permitted to peacefully and quietly have, hold, and enjoy the Leased Premises for the term of the Agreement. Lessee shall be permitted to install fixtures on the Leased Premises and use equipment, tools, machinery, or other personal Property in support of the authorized uses of the Leased Premises at the sole risk of the Lessee. The Agreement shall clearly state that all fixtures,



equipment, tools, machinery, and personal Property shall be removed from the Leased Premises upon termination of the Agreement.

Lessor's Rights and Privileges

In addition to the rights and privileges outlined in the PMCDs, the Agreement may convey additional rights and privileges of the TTAD pertaining to the Leased Premises including, but not limited to, access to the Leased Premises and performance of official acts by the TTAD (or a designated representative of the TTAD).

Lessee's Obligations

For Commercial Aeronautical Activities, the Lessee shall be responsible for maintaining an on-going business at the Airport and complying with the PMCDs throughout the term of the Agreement. Additionally, any modifications to the business or corporate structure of the Lessee shall be communicated to the TTAD.

Lessee be responsible for the conduct, demeanor, and appearance of the Lessee's representatives, officers, officials, employees, agents, and volunteers at the Airport and on the Leased Premises. Lessee shall be responsible for conducting all of Lessee's authorized activities in a manner that does not interfere with or disturb others while also complying with applicable Legal Requirements.

Lessee shall be responsible for promptly paying when due and owing all:

- taxes (including possessory interest tax), assessments, and other fees, without offset or abatement, charged by any Agency relating to the Leased Premises, Improvements, and Lessee's activities;
- utilities (which shall be arranged for by Lessee and must be separately metered); and
- all costs, expenses, and other charges relating to the Leased Premises, Improvements, and/or Lessee's activities.

Lessee may be responsible for maintaining, repairing, restoring, and cleaning the Leased Premises including all structural components, all exterior and interior maintenance and repair, landscaping, janitorial, trash removal, snow removal, and sweeping. The Agreement shall outline the process in the event the Lessee fails to diligently, properly, and promptly maintain, repair, restore, or clean the Leased Premises.

If Based Aircraft are located on the Leased Premises, the Lessee shall provide a Based Aircraft Report to the TTAD in compliance with the PMCDs.

The Agreement shall include the provisions required by the FAA which shall, at a minimum, include non-exclusive use of the Airport and non-discrimination clauses.

The Agreement shall stipulate that any default or breach of the Agreement shall constitute a default or breach of all Agreements between the TTAD and Lessee. The TTAD shall consider any of the following a default or breach under the Agreement:



- failure to comply with Legal Requirements;
- failure to comply with the Assurances;
- failure to comply with the PMCDs;
- failure to comply with the Airport's policies, standards, rules, regulations, and directives;
- failure to perform any condition, obligation, or privilege contained in the Agreement;
- failure of a Lessee engaged in Activities to obtain prior written consent from the TTAD before conducting additional Activities;
- failure to obtain prior written consent from the TTAD before making any Improvements to the Leased Premises and/or at the Airport;
- failure of a Non-Commercial Lessee to refrain from engaging in Commercial activities at the Airport and/or from the Leased Premises, unless provided for in a separate Agreement with the TTAD;
- subleasing (or attempting to Sublease) any portion of the Leased Premises without the prior written consent of the TTAD;
- any sale or assignment of the Leased Premises or Agreement made (or attempted to be made) without the prior written consent of the TTAD;
- any change in controlling ownership of Lessee made (or attempted to be made) without the prior written consent of the TTAD;
- any encumbrance of the Leased Premises or Improvements on the Leased Premised made (or attempted to be made) without the prior written consent of the TTAD;
- the failure to properly maintain the Leased Premises or promptly pay all utilities, insurance, and taxes when due and owing;
- the filing of bankruptcy and/or assignment of substantially all Lessee's assets for the benefit of Lessee's creditors;
- the filing of a lien against the Leased Premises;
- the voluntary abandonment of the Leased Premises;
- falsification of any record so as to deprive the TTAD of any rights, privileges, rents, fees, or other charges under the Agreement; or
- failure to remain Current or in Good Standing.

The Lessee may, at the Lessee's option and provided the Lessee is Current and in Good Standing, terminate the Agreement due to permanent abandonment or closure of the Airport, the lawful assumption by the United States Government or any authorized Agency, or a default or breach of the Agreement by the TTAD (that is not cured or remedied).

Condemnation or Eminent Domain

In the event of acquisition by Condemnation or the exercise of the power of eminent domain (by any Agency permitted to take property for public use) of any land or Improvements associated with Lessee's Leased Premises, Lessee shall not institute any action or proceeding or assert any claim against the TTAD for Compensation or consideration of any nature. All Compensation or consideration awarded or paid to TTAD upon a total or partial acquisition of the Leased Premises (which for these purposes shall not include any



Compensation or consideration from the TTAD) shall belong to the TTAD without any participation of the Lessee.

Lessee may recover directly from the condemning Agency the value of any claim, provided that no such claim shall diminish or otherwise adversely affect the TTAD's award.

Total – In the event of an acquisition by Condemnation or eminent domain of all interest in the Leased Premises, Lessee's obligation to pay rent shall cease and all leasehold interest created shall cease.

Substantial and Partial – In the event of an acquisition by Condemnation or eminent domain of a portion of interest in the Leased Premises, Lessee's obligation to pay rent shall cease as it pertains to the specific portion of the Leased Premises acquired. If the Condemnation or eminent domain substantially impairs the conduct of the Lessee's activities and equates to more than 50% of the total Leased Premises, Lessee may terminate the Agreement by notifying the TTAD. If the Agreement is not terminated by the Lessee, the rent shall be adjusted accordingly.

Force Majeure

The TTAD or Lessee shall be excused if delayed, hindered, or prevented from performance of the Agreement by reason of war, national emergency, or acts of nature. However, the Lessee shall not be relieved of paying rents, fees, and/or other charges when due and owing.

Relocation

In the event that relocation is deemed necessary (e.g., to correct deviations from 14 CFR Part 77 Safe, Efficient Use, and Preservation of the Navigable Airspace, to ensure that the leasing, occupancy, use and/or development of Airport land and/or Improvements is consistent with the Airport Layout Plan, etc.), the TTAD shall provide Airport land and/or Improvements that are similar to the Airport land and/or Improvements currently being occupied and/or used by the Lessee. Such Airport land and/or Improvements shall be leased to the Lessee at Market Rent, as set forth in Section 4.2 of this Policy and under the same terms and conditions as stipulated in the existing Agreement.

If similar Airport land and/or Improvements are not available, the TTAD may, in its sole discretion, buyout the leasehold interest held by the Lessee at the market value determined by an Appraiser engaged by the TTAD using the approach outlined in Appendix 5.5. If the Lessee disagrees with the market value conclusion reached by the Appraiser, the Lessee shall have the right to initiate the dispute resolution process set forth in Appendix 5.8. If the relocation is solely for the benefit of the TTAD, the TTAD agrees to pay all reasonable (and verifiable) relocation costs and expenses associated with relocating the Lessee. Relocation shall follow all applicable federal, FAA, and California Legal Requirements for relocation proceedings and any appraisal report shall meet the requirements of such. If there is any discrepancy between this Policy and such Legal Requirements, the Legal Requirements shall prevail.

Insurance



The Lessee shall be responsible for procuring and maintaining the liability and property insurance required by the Agreement, PMCDs, and Legal Requirements.

Subleasing

Subleasing is considered a Commercial Activity. Any entity engaging in subleasing must comply with the PMCDs.

Subleasing Privileges Permitted in the Agreement – If the TTAD permits subleasing in the Agreement, a standard sublease agreement (consistent with the requirements set forth in Appendix 5.4) prepared by the Lessee and approved in writing by the TTAD may be used by the Lessee to facilitate subleasing. All sublease agreements shall be subordinate to Lessee's Agreement. The standard sublease agreement and any required documentation for each sublease shall be available to the TTAD upon request. Any Agreement to a sublease shall not operate to relieve Lessee of any or all of Lessee's obligations.

If a standard sublease agreement is not used by the Lessee, the proposed sublease agreement and any required or requested information, data, and/or documentation shall be submitted to the General Manager for review. If the proposed sublease agreement is acceptable to the General Manager, the proposed sublease agreement and any additional information, data, and/or documentation deemed relevant by the General Manager shall be submitted to the TTAD for review and approval. Lessee shall reimburse the TTAD for attorney's fees and expenses incurred by the TTAD relating to the review and approval of the proposed sublease agreement. A Sublessee may not occupy the subject land and/or Improvements at the Airport prior to receiving the written consent of the TTAD.

If an entity desires to sublease land and/or Improvements at the Airport and desires to conduct Activities at the Airport, the Sublessee shall comply with all applicable sections of the Minimum Standards.

The Lessee shall not be required to pay the TTAD any portion of the revenues generated or profits earned relating to permitted and/or approved subleasing activities.

Subleasing Privileges Not Permitted in the Agreement – If the TTAD does not permit subleasing in the Agreement, the Lessee must obtain the prior written consent of the TTAD prior to subleasing. Subleasing privileges shall be granted in the TTAD's sole discretion and the TTAD may require Lessee to pay the TTAD a percentage of the sublease revenues.

Submittal Requirements – The proposed sublease agreement, a completed Application, and any other required or requested information and/or documentation shall be submitted to the General Manager for review. If the proposed sublease agreement, completed Application, and other required or requested information and/or documentation are acceptable to the General Manager, the proposed sublease agreement, completed Application, and any additional information and/or documentation deemed relevant by the General Manager shall be submitted to the TTAD for review and approval. A Sublessee may not occupy the subject land and/or Improvements at the Airport prior to receiving written consent of the TTAD.



Sublessee Obligations – Sublessee shall comply with the PMCDs and all applicable Legal Requirements.

Subleasing Restrictions – Unless otherwise stated in the prior written consent, Sublessee shall be subject to all applicable terms and conditions of the Lessee's Agreement governing the land and/or Improvements being subleased.

Any Sublease made contrary to the requirements of this section shall be null and void.

Sale, Assignment, or Transfer

A Lessee shall not sell, assign, or transfer the Agreement, in whole or in part, or any interest in the Agreement, or any rights or obligations the Lessee has under the Agreement, without the prior written consent by the TTAD.

- If a Lessee is desirous of such a sale, assignment, or transfer, the Lessee shall submit a written request to the General Manager and the request shall be accompanied by a completed Application by the entity requesting assignment (Assignee).
- If the Application is acceptable, the General Manager shall submit the Application and a recommendation to the TTAD Board for review and approval.
- At the time a sale, assignment, or transfer is approved in writing by the TTAD, the Lessee shall reimburse the TTAD for attorney's fees and expenses incurred by the TTAD relating to the sale, assignment, or transfer.
- The Assignee shall satisfy all criteria set forth in this Policy, the PMCDs, and all applicable Legal Requirements.

Written consent of the TTAD is required in connection with: (a) the merger, consolidation, or reorganization of the Lessee with any Affiliate of the Lessee, (b) the sale of all or substantially all of the assets of the Lessee to any Affiliate of the Lessee, or (c) assignment to any Affiliate of the Lessee.

Any sale, assignment, or transfer, with exception of the situations and/or circumstances noted in this section, made without the prior written consent of the TTAD shall be considered null and void.

Change in Controlling Ownership

If, at any time during the term of an Agreement, the Lessee intends to make a change in its controlling ownership, the Lessee shall notify the TTAD of such intended change by providing a completed Application for the intended new controlling owner. The TTAD retains the right, in its sole discretion, to terminate the subject Agreement if the new controlling ownership does not meet the requirements set forth in the PMCDs and Legal Requirements.

Encumbrances and Mortgage



A Lessee shall not mortgage, pledge, assign as collateral, encumber or in any manner transfer, convey, or dispose of the Leased Premises or any interest therein without the prior written consent of the TTAD.

If a Lessee is desirous of mortgaging, pledging, assigning as collateral, encumbering or in any manner transferring, conveying, or disposing of the Leased Premises or any interest therein, the Lessee shall submit a written request to the General Manager for review. If the request is acceptable, the General Manager shall submit the request and a recommendation to the Board for review and approval.

At the time the request is approved in writing by the TTAD, the Lessee shall reimburse the TTAD for attorney's fees, expenses, and staff time (incurred by the TTAD) relating to the encumbrance request.

Any encumbrance made without the prior written consent of the TTAD shall be considered null and void.

3.3. Other (General) Terms and Conditions

In addition to the key terms and conditions (outlined in Section 3.2), the Agreement shall include the following:

No Waiver – the TTAD shall not waive the right to enforce the Agreement, in whole or in part. Any express or implied waiver of a breach of any term of an Agreement shall not constitute a waiver of any further breach of the same or other term of the Agreement. The acceptance of rent shall not constitute a waiver of any breach of any term of the Agreement, except as to the payment of rent accepted.

Licenses, Certifications, and Permits – the Lessee shall have (and provide copies to the TTAD – upon request) all licenses, certifications, and permits required to conduct Lessee's activities.

Indemnification – the Lessee shall defend, indemnify, save, protect, and hold harmless the TTAD and its representatives, officers, officials, employees, agents, and volunteers from any and all claims, demands, damages, fines, obligations, suits, judgments, penalties, causes of action, losses, liabilities, administrative proceedings, arbitration, or costs (or expenses) at any time received, incurred, or accrued by the TTAD as a result of, or arising out of the Lessee's activities, actions, or inactions.

Books and Records – the Lessee shall keep complete books and records of the amounts due and owing to the TTAD for rents, fees, or other charges applicable to the Agreement. The TTAD shall have access to such records upon reasonable notice. The TTAD reserves the right to audit such records. The entity shall have the burden of proof if the amount determined by the TTAD is disputed.

Holdover Possession – in the event the Lessee should hold over and remain in possession of the Leased Premises after the expiration of term of the Agreement, the rents, fees, and other charges paid during the holding over period shall be equal to a minimum of 150% of the



monthly rents, fees, and other charges that were charged by the TTAD at the time the Agreement expired.

Independent Entities – the Agreement shall not be construed to establish a partnership between the TTAD and the Lessee.

Binding Effect – the Agreement shall be binding on and inure to the benefits of the heirs, successors, and assigns of the TTAD and the Lessee.

Subordination – the Agreement is subordinate to any agreement between the TTAD and the United States Government, the State of California, or any other Agency having jurisdiction.

Governing Law and Venue – the Agreement shall be made in accordance with the laws of California and the court having jurisdiction in either Nevada County or Placer County shall be identified in the Agreement.

Paragraph Headings – the paragraph headings in the Agreement shall only be used as a matter of convenience and/or reference.

Severability – if a provision of the Agreement is held to be unlawful, invalid, or unenforceable by final judgment of any Agency or court of competent jurisdiction, the invalidity, voiding, or unenforceability of such provision shall not in any way affect the validity of any other provisions of the Agreement.

Counterparts – if the Agreement is executed in counterparts, each shall be deemed an original and which together shall constitute one and the same Agreement.

Modification – any change or modification to the Agreement shall not be valid unless made in writing, agreed to, and signed by the TTAD and Lessee.

Time of the Essence – the TTAD and Lessee shall agree that time is of the essence in performance of the Agreement.

Entire Agreement – the Agreement shall be construed to embody the entire understanding and agreement between the TTAD and the Lessee.

Notices – the Agreement shall identify the location and contact person (if applicable) for the TTAD and the Lessee as well as the method for providing any notices required in the Agreement.

Representations and Warranties of the Lessee – the Agreement shall outline the representations and warranties of the Lessee.

Exhibits – the Agreement shall include drawings of the Leased Premises (at a minimum) and any additional exhibits which are required to perfect the Agreement.



4. RENTS AND FEES

4.1. Introduction

Rents, fees, and charges for lease and use of Airport improvements shall be set in accordance with this Policy.

The TTAD is required, by the Assurances, to maintain a rent and fee structure that makes the Airport as self-sustaining as possible given the circumstances that exist. As such, the TTAD will endeavor to charge Market Rent for Airport land and/or Improvements unless extenuating circumstances preclude otherwise, as addressed in the following paragraph.

TTAD property is public property. To authorize business or personal use of TTAD property without charge, or to lease or authorize use of TTAD property at less than cost recovery is considered a gift of public funds, unless the public purpose of the TTAD is best served by authorizing use without charge, or by setting rents and fees at less than cost recovery. The Board shall determine if it best serves the public purpose of the TTAD to set rents and fees at less than cost recovery.

The TTAD, by entering into Agreements and by other means that may be available to the TTAD, shall endeavor to recover the costs being incurred by the TTAD relating to the planning, development, operation (including maintenance and repair), management, and marketing of the Airport (that are not being covered by federal or state airport improvement programs) through the establishment of rents, fees, and other charges.

The TTAD shall be properly compensated for the privileges granted to an Operator, Lessee, Licensee, or Permittee. It is the policy of the TTAD to seek terms and conditions that, while being reasonable and not unjustly discriminatory, provide the best overall value to the TTAD and its constituency.

The following details the overarching policy of the TTAD in establishing rents and fees for the Airport:

- Use public funds fairly and equitably.
- Balance affordable land, Improvements, and services with appropriate levels of service and community impact.
- When possible or appropriate, recover costs for all land, Improvements, and services but strive for reasonable profitability within appropriate lines of business.
- Compete fairly with commercial businesses by using market rents and fees for non-aeronautical land, Improvements, and services.
- Comply with Airport Sponsor Assurances and other applicable Legal Requirements.
- Operate lines of business that offer value to existing TTAD customers and Lessees, aligned with the community's vision of the Airport.
- Mitigate adverse operational impacts on the community and environment with appropriate incentives using industry best practices.
- Enable economic benefit for the community through the operation of aeronautical and non-aeronautical land and Improvements.



While each Lessee at the Airport shall be subject to the same rents and fees as are uniformly applicable to other Lessees utilizing the same or similar Airport land and/or Improvements for the same or similar use or purpose, it is recognized that the use and attributes of Airport land and/or Improvements and/or the terms and conditions of Agreements (and the approach utilized to reach agreement and related timing) varies. As a result, the rents and fees at the Airport may vary as well. However, the TTAD shall not charge unjustly discriminatory rents and fees.

The TTAD recognizes that constituents fund Aircraft storage Hangars for the personal use of a single Lessee, and is sensitive to the need to balance affordability for the Lessee with equity for all TTAD constituents.

The General Manager shall recommend rents and fees consistent with guidance contained herein and inform the Board of proposed changes.

4.2. Establishment of Market Rent

Market Rent for aeronautical land and/or Improvements (referred to as the “property” or “properties” in this Section) at the Airport shall be determined by one of the following methods or combination thereof: (a) Rent Study, (b) comparative analysis of the rents being charged for similar properties at the Airport, (c) negotiation, or (d) competitive process, as follows.

- By definition, aeronautical properties include, but are not necessarily limited to, unimproved land (land not having landside and/or airside access and/or utilities to the property), improved land (land having airside and/or landside access and utilities to the property), Ramp, Vehicle parking areas, Fuel storage facilities, terminal buildings, office and shop facilities, Hangars, storage areas, and other support buildings or related facilities.

Rent Study

The objective of the Rent Study is to establish Market Rent for aeronautical land and Improvements at the Airport based on a comparative analysis of the rents being charged for similar properties at comparable airports. The process that shall be used to establish Market Rent for properties at the Airport is set forth herein.

The TTAD shall engage an aviation consultant (or Appraiser who meets the qualifications set forth in Appendix 5.6) with the following background and experience to conduct a Rent Study:

- working knowledge of the aviation industry and airports including Commercial entities (i.e., FBOs and SASOs) and Non-Commercial entities (i.e., Aircraft Owners and Operators) and related activities;
- familiarity with federal and state Legal Requirements and FAA regulations, obligations, and guidance pertaining to setting rents for aeronautical land and Improvements being used for General Aviation purposes;
- experience providing Rent Studies at comparable airports; and
- has performed a minimum of five Rent Studies involving aeronautical land and Improvements within the past five years.



Rents and related information shall then be obtained (from airports determined to be comparable) and analyzed to derive the Market Rent for the subject property. In identifying comparable airports, the aviation consultant shall, at a minimum, consider the following: Infrastructure, approaches and Air Traffic Control capabilities, number and type of aviation businesses, land use considerations, type of market and market attributes, and activity levels (Based Aircraft and Aircraft operations).

- The TTAD and Lessee (if applicable) may suggest airports to the aviation consultant considered to be comparable based on the factors set forth in this section.

In identifying similar properties at comparable airports, the aviation consultant shall, at a minimum, consider the following: use (Commercial versus Non-Commercial), size, location, Landside and Airside access, and type, quality, and condition of the land and/or Improvements.

To ensure consistency in the determination of Market Rent for the subject property, the TTAD may categorize and group similarly situated properties by use and attributes. In determining the Market Rent for the subject property, the aviation consultant shall use such categorizations and groupings with consideration given to the functional utility or limitations of the subject property. This shall include, but not necessarily be limited to, any limitations or restrictions on the development, the availability of utilities, and/or the ability of the subject property to support the Aircraft that normally frequent the Airport.

The aviation consultant shall consider properties at the Airport that are similar to the subject property and, if appropriate, the aviation consultant may also consider properties located at competitive airports and general real estate market conditions and trends in the local market.

Rents charged for similar properties at the Airport, comparable airports, and competitive airports shall, to the extent possible, be considered by component such as unimproved land, improved land, Ramp areas, Vehicle parking areas, Fuel storage facilities, terminal buildings, office and shop facilities, Hangars, storage areas, and other support buildings or related facilities.

If the rents charged for similar properties at the Airport, comparable airports, and/or competitive airports are impacted by the fees being charged or if fees are charged in lieu of rent, the relationship between the rents and fees shall be considered and addressed by the aviation consultant.

Similar Properties On-Airport

The TTAD may, in its sole discretion, set Market Rent for the subject property if rents for similar properties at the Airport have been established through an Agreement with the TTAD within six months. In this case, each of the elements under this Section shall be considered by the TTAD in determining the Market Rent.

Negotiation/Competitive Process

Market Rents can also be established by negotiation or through competitive process.



Rate of Return

In the event that the TTAD develops all or part of the Improvements, to establish rents, the TTAD may, in its sole discretion, establish an internal rate of return greater than the TTAD currently earns in external investments but not to exceed 10%.

Airport Sponsor Financing

In the event that the TTAD provides funds for the development (construction) of all or part of the capital Improvements, such funds shall be provided on terms and conditions commensurate with the prevailing terms and conditions in the market (e.g., loan term, down payment, interest rate, etc.) for the type of Improvement being developed. The rent for the Improvement can be established based on the loan payments by Lessee to the TTAD.

4.3. Adjustment of Rents

Methodology

All rents shall be established and shall be effective upon the first day of the calendar year following promulgation of this Policy (January 1, 2017) and all rents shall be adjusted every five years thereafter (e.g., January 1, 2020, 2025, 2030, etc.) based on the findings of the Rent Study (described in Section 4.2). On an annual basis between each Rent Study (e.g., January 1, 2017, 2018, 2019, and 2020), all rents shall be adjusted based on the change in the Airport Economic Index (described in this section) or other method adopted by the TTAD that reflects the prevailing market conditions. All rent adjustments shall be determined prior to the adoption of the budget for the following fiscal year.

Airport Economic Index (AEI)

The Airport Economic Index (AEI) is a composite index consisting of five variables: number of General Aviation Based Aircraft (weighted at 15%), number of air taxi operations (weighted at 15%), General Aviation itinerant operations (weighted at 15%), General Aviation Fuel volumes (weighted at 20%), and Consumer Price Index (weighted at 35%).

Number of General Aviation Based Aircraft – The number of General Aviation Based Aircraft shall be determined annually by registration. All General Aviation Based Aircraft at the Airport shall be registered with the TTAD as specified in the Rules and Regulations.

Number of Air Taxi and General Aviation Itinerant Operations – The number of air taxi and General Aviation itinerant operations shall be determined by totaling the number of Air Taxi operations and General Aviation itinerant operations at the Airport as recorded by the TTAD Aircraft operations recording system, or other acceptable method. An operation is defined as a take-off or a landing.

General Aviation Fuel Volumes – Fuel volumes shall be determined by totaling the amount of General Aviation Fuel (all types) sold or dispensed at the Airport as reported to the TTAD as required in the Minimum Standards and Rules and Regulations.



Consumer Price Index (CPI) – CPI shall mean the Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, West - B/C (cities of less than 1,500,000 population), All Items (December 1996=100).

- If a substantial change is made in the method by which the CPI is determined, the CPI shall be adjusted to the figure that would have resulted had no change occurred in the manner of determining the CPI. In the event that the CPI (or a successor or substitute index) is not available, a reliable governmental or other nonpartisan publication evaluating the information previously used in determining the CPI shall be used instead of the CPI.

Data for the 12-month period prior to the first day of the fiscal year following promulgation of this Policy (January 1, 2017) shall be utilized as the base year (which shall be equal to 100). All rents shall be adjusted using the percentage change in the AEI, which shall be calculated using the following formula: AEI (at the time of adjustment) minus AEI (at the time of the last adjustment) divided by AEI (at the time of the last adjustment).

4.4. Establishment and Adjustment of Fees

The TTAD shall charge fees to recover the costs being incurred by the TTAD associated with the planning, development, operation (including maintenance and repair), and management, of the Airport (that are not being covered by federal or state Airport Improvement Programs).

- Costs shall include, but not necessarily be limited to: (a) all Airport planning, engineering, design, and development costs (TTAD's portion only), (b) all Airport operating, management, and maintenance and repair costs (TTAD's portion only), (c) all Airport debt service, capital outlays, reserves, and amortization and (d) return on investment at Local Agency Investment Fund rate.
- All General Aviation related revenues (including rents) shall be deducted from all General Aviation related costs and the difference shall be charged to Lessees, Sublessees, Permittees, and users of the Airport on a proportionate basis in the form of fees.

Fees may include, but are not necessarily limited to, Fuel flowage fees, Aircraft parking fees, Aircraft landing fees, Transient use fee, Commercial Operator permit fees, percentage of gross receipts fee, and/or temporary or special use permit fees. All fees shall be identified in the TTAD Master Rents and Fees Schedule.

Aeronautical Fee Setting – Aeronautical fees are based on a “non-fully loaded” cost recovery formula that excludes the cost of land or replacement cost. The formula considers: operating costs; capital improvements and; allocated costs (pro-rated airside and landside access costs).

Non-Aeronautical Fee Setting – The TTAD shall only engage in non-aeronautical commercial Activities when it has resources excess to aeronautical needs. Excess resources are those lands and facilities without reasonable or foreseeable access to the airside, or resources specifically allocated to non-aeronautical activities as detailed in the ALP. Fees for the use of excess lands and facilities shall be based on appraisal as set forth in Appendix 5.5.



4.5. **TTAD Master Rents and Fees Schedule**

Unless otherwise provided for in an Agreement with the TTAD, or waived in writing by the General Manager, all entities, Lessees, Sublessees, Permittees, and users of the Airport may be subject to the following fees as specified in the TTAD Master Rents and Fees Schedule:

Fuel Flowage Fees – Based and Transient Aircraft Owners/Operators shall pay a Fuel flowage fee based on the number of gallons dispensed into the Aircraft at the Airport.

Commercial Operators who provide Fueling (and/or Fuel handling) services at the Airport shall be responsible for the collection of the Fuel flowage fee from the sale of Fuel to (and/or handling of Fuel on behalf of) consumers served and for payment to the TTAD. The General Manager may waive Fuel flowage fees for entities operating firefighting Aircraft involved in fighting forest fires in the vicinity of the Airport and for emergency response Operators.

Non-Commercial Self-Fueling entities shall report Fuel volumes and pay the Fuel flowage fee directly to the TTAD.

Aircraft Parking Fees – Transient Aircraft Owners/Operators shall pay an Aircraft parking fee.

Transient Use Fee – Fee shall apply to Aircraft weighing greater than 5,500 lbs. (helicopters weighing greater than 3,000 lbs.) maximum certificated gross takeoff take-off weight. Transient use fee may be waived with purchase of designated amounts of fuel.

A transient use fee may be waived for the aircraft of record under a current hangar lease agreement. If the aircraft is deemed to be operating for the purpose of commercial flight, transient use fees shall apply unless waived by the General Manager or his/her designee.

Signatory Fees – Discounts provided on rents and fees charged to Based Aircraft Operators with an Agreement for voluntary compliance with TTAD curfew and other noise abatement initiatives. All Lessees and applicants shall have equal access and opportunity to meet the established conditions. Entities choice not to participate in a Signatory program shall not constitute default of an Agreement nor create a condition for denial of the service

Aircraft Services Fee – Fees charged to Aircraft Owners or Aircraft Operators for Aircraft towing, ground power unit usage, jump starting, and lavatory services.

Nightly or Short-Term Hangar Rental Fee – Fees charged to Aircraft Owners or Aircraft Operators for the transient/short-term use of TTAD Hangars.

General Aviation Operator and Lessee Application Fees – At the time an Application is submitted to the TTAD to conduct Activities, the prospective entity shall pay a one-time fee based on the type of Activities.

Percentage of Gross Receipts Fee – Unless otherwise waived in writing by the TTAD, Commercial Operators shall be required to pay a percentage of gross receipts on Activities conducted.

If the TTAD includes a Fuel flowage fee in the Airport's TTAD Master Fee Schedule, the TTAD shall not charge an additional percentage of gross receipts fee on Fuel sales. The TTAD shall not



charge a percentage of gross receipts fee on Aircraft charter Activities in accordance with Title 49 – Transportation, Subtitle VII – Aviation Programs, Part A – Air Commerce and Safety, Subpart I – General, Chapter 401 – General Provisions, Section 40116 – State Taxation, paragraph (b).

Fees shall be adjusted each year based on the fiscal year budget for the Airport.

- All adjustments shall be effective on the first day of the calendar year.
- Any deficits shall be carried forward and considered when establishing fees for the following year. Any surplus or any portion of any surplus may be used, at the sole discretion of the TTAD, to service Airport debt, make Airport capital Improvements, increase Airport reserves, or may be carried forward for consideration in establishing Airport fees for the following year.

4.6. Payment of Rents, Fees, or Other Charges

No entity shall be permitted to lease or occupy Airport land and/or Improvements unless the entity is Current and in Good Standing. The TTAD may, in its sole discretion, enforce the payment of any rent, fee, or other charge due and owing to the TTAD by any legal means available to the TTAD under any Agreement and/or as provided by Legal Requirements. All rents, fees, or other charges assessed by the TTAD not paid within 5 business days of being due and owing to the TTAD shall be assessed a late fee in accordance with the TTAD Master Rents and Fees Schedule.

4.7. Retail Pricing

Jet Fuel – The General Manager shall set competitive prices. The General Manager may discount the margin by up to 50% based on exceeding a minimum purchase quantity of not less than 100 gallons per upload, or as specified in an Agreement.

AvGas – The General Manager shall set competitive prices. The General Manager may discount the margin by up to 20% based on purchase of a minimum quantity of not less than 75 gallons, or as specified in an Agreement.

The General Manager may charge an additional fee for full-service fuel to recover the additional costs associated with the service. The General Manager may use differential pricing in lieu of full-service fees.

Other Fuels – Other fuels are for TTAD use. The General Manager may include sales of other fuels in Agreements in accordance with this Policy.

Fuel Additives – The General Manager shall set competitive prices.

Engine Oil – The General Manager shall set competitive prices.



5. APPENDIX

5.1. RFI, RFQ, and/or RFP Document Guidelines

The content that may be included in each type of document is identified in the table that follows:

Item	RFI	RFQ	RFP
Objectives with respect to the opportunity	•	•	•
Responsibility for compliance with Legal Requirements		•	•
Overview of the community, the Airport, and the marketplace	•	•	•
Complete and thorough description of the subject property		•	•
Location (and approximate size) of the subject property	•	•	•
Anticipated use of the subject property	•	•	•
If Commercial, outline the desires with regard to the: (a) entity's qualifications and experience and (b) the range, level, and quality of General Aviation products, services, and facilities (and/or Improvements) to be provided		•	•
Anticipated lease term (duration)			•
Minimum rent for the subject property			•
If Commercial, identify the minimum fees and/or other charges for engaging in Activities at the Airport			•
Schedule that identifies key dates for the process	•	•	•
If necessary, the location, date, time, and requirement for attendance at a pre-proposal conference	•	•	•
Specific instructions regarding the content and format of the submission	•	•	•
Require a proposal bond or personal guarantee (that shall remain in effect for 180 calendar days), in the amount equal to the total rents, fees, and other charges proposed to be paid in the first month of the Agreement or the amount specified in the TTAD Master Rents and Fees Schedule (whichever is greater)			•
Place, date, time, and any additional instructions for submission	•	•	•
Grounds for denial or disqualification and withdrawal			•
Evaluation and/or selection criteria to be utilized		•	•
Required forms, statements, and affidavits to be completed for submission			•
Draft of proposed Agreement and/or Permit			•
Primary Management and Compliance Documents			•

5.2. Advertising Guidelines

The RFI/RFQ/RFP advertisement should:

- provide a description of the RFI/RFQ/RFP opportunity including identification of the Airport land and/or Improvements that are and/or may be available for lease (subject property) and the General Aviation products, services, and/or facilities that are and/or may be desired by the TTAD;
- provide instructions to proposers for obtaining the RFI/RFQ/RFP document; and
- identify the date, time, and method for submittals and place of opening
- All submittals shall remain sealed until opening.

5.3. Hangar Leasing Policy

Leasing, assignment, transfer, and use of TTAD non-commercial Hangars shall conform with the provisions detailed in this section and the FAA Policy on the Non-Aeronautical Use of Airport Hangars; Final Policy at 38910, and 38911, as maybe amended from time-to-time.



Circumstances may arise in the normal management of hangar assignments that are not addressed herein. In these circumstances the General Manager shall decide how to proceed using his/her best judgement. The General Manager can set policy to best maximize hangar use on a long-term, temporary, or nightly basis.

Application – Entities desirous of obtaining an Agreement to use a TTAD Hangar shall complete and submit a Hangar Lessee Application (Hangar Application) to the General Manager.

- In addition to the completed Application, entity shall pay all applicable fees and provide a non-interest bearing deposit as stipulated in the Airport's as specified in the TTAD Master Rents and Fees Schedule. The TTAD shall retain a non-refundable portion of the deposit to cover administrative costs.
- If entity executes a Non-Commercial Aircraft Hangar Agreement (Hangar Agreement), the refundable portion of the deposit may be applied to applicable charges upon execution of the Hangar Agreement or to the first month's rent
- Upon receipt of the: (a) completed Application, (b) applicable fees, and (c) deposit, the entity shall be placed in the last position on the requested Hangar waiting list.

Hangar Waiting List – When demand for Hangars exceeds supply, the TTAD may manage Hangar assignments by maintaining a waiting list for T-Hangars, executive Hangars, and Hangar transfer requests. The TTAD may terminate a waiting list at any time. An Applicant on a waiting list is not guaranteed the occupancy of a Hangar.

- To be removed from a Hangar waiting list, the entity shall notify the General Manager in writing. At the time the entity is removed from the Hangar waiting list, the refundable portion of the non-interest bearing deposit shall be refunded to the entity.
- If an entity is desirous of reapplying, the entity shall apply in accordance with this section and be placed in the last position on the requested waiting list.

Annual Waiting List Maintenance Procedure – The TTAD conducts an annual waiting list maintenance program to ensure the integrity of the waiting list(s). Commencing one year after being established on a Hangar waiting list(s), entities are required to fully complete a maintenance form. The entity shall return the maintenance form to the TTAD along with an administrative fee as specified in the TTAD Master Rents and Fees Schedule within 30 days of receipt. It is the applicant's responsibility to ensure that the form is received by the TTAD. An entity who fails to return the form in a timely manner shall be dropped from the waiting list without further notice and the deposit shall be forfeited to the TTAD.

Hangar Transfer Request Waiting List – Lessees who desire to change Hangar assignments may apply to be placed on a Hangar transfer request waiting list. A Lessee who meets the following criteria is eligible to be placed on the Hangar transfer request list:

- Lessee has purchased an Aircraft incompatible with the assigned Hangar.



- Lessee has sold or otherwise disposed of the Aircraft and terminated the Hangar Agreement and agrees in writing to acquire a permitted Aircraft within 60 days.
- A Lessee who fails to procure a permitted Aircraft within 60 days will be dropped from the Hangar transfer request waiting list.

Hangar transfers are intended to accommodate specific Aircraft requirements as well as Lessee's preference. Consideration will not be given to transfer requests intended to accommodate non-aeronautical activities.

Notification of Hangar Availability – If a TTAD Hangar becomes available, the TTAD shall contact the entity in the first position on the Hangar waiting list.

- It is the entity's sole responsibility to keep a current address, telephone number, and email address on file with the TTAD.
- If the TTAD is unable to reach the entity by telephone or email in the first position on the Hangar waiting list within seven calendar days, the entity shall not be eligible to lease the available Hangar.
- In the event an entity fails to respond on two consecutive occasions, the entity shall be removed from the Hangar waiting list and the deposit shall be forfeited to the TTAD.

If the entity in the first position does not respond within seven calendar days, the TTAD shall contact the entity in the next position on the Hangar waiting list and so on.

Hangar Assignment Procedure – The General Manager shall make Hangar assignments subject to the following criteria:

- Aircraft compatibility with the available Hangar (as determined by the General Manager).
- Small Aircraft will not be assigned to an Executive Hangar.
- Permitted Aircraft – an applicant must demonstrate to the General Manager that the Aircraft is owned and/or operated by (under the full and exclusive control of) the entity and provide evidence to this effect. Evidence shall be in the form of an Aircraft registration naming entity as owner, a copy of an Aircraft lease naming applicant as Lessee, or a bill of sale and associated FAA registration application.
- Fraudulent ownership information shall be deemed a default of the Hangar Agreement.

An entity who is offered a Hangar assignment has the following options:

- Accept the offer, execute a Hangar Agreement, and take possession of the Hangar with a permitted Aircraft or
- Decline the offer in writing and return to the bottom of the waiting list.
- Receive approval from the General Manager to delay possession of the hangar for a period of up to one year. Subject hangar is the property of the District during that time period.



An entity who fails to execute a Hangar Agreement or fails to decline the offer within 7 business days, shall forfeit the deposit to the TTAD and shall be dropped from the waiting list(s).

General Hangar Leasing Policy – Lessee must fully comply with the provisions of the Hangar Agreement

- Occupancy of a Hangar is not permitted until the Hangar Agreement has been fully executed.
- Lessee shall not assign, sublet, or permit occupancy or use of a Hangar by any entity unless authorized in writing by the General Manager.
- Compensation received by Lessee from unauthorized Hangar occupancy or use shall be forfeited to the TTAD.
- A Hangar Agreement is not transferable except to relatives within two degrees of consanguinity, spouses, or registered domestic partners.
- The TTAD reserves the right to reassign Hangars at any time. The TTAD does not consider space for non-aeronautical uses during reassignments.
- TTAD reserves the right to use Hangars in short-term occupancy programs.
- A SASO or entity with an Aircraft used for SASO lease back purposes, may enter into a Hangar Agreement providing Lessee possess a Commercial Operating Permit. Subject to the General Managers approval, hangar leases for lessees with a Commercial Operating Permit may be given priority in hangar placement.
- TTAD may review and amend the Hangar Agreement to ensure consistency with PMCDs and Legal Requirements.

Utility Charges – The General Manager shall include utility charges (when not billed to Lessee) in the monthly rent. These charges may be adjusted annually based on actual TTAD costs for the prior 12-month period.

Signatory Rates – The TTAD may establish signatory rates for voluntarily meeting certain conditions. Lessees shall have equal access and opportunity to meet the prescribed conditions. The decision not to take a signatory rate shall not constitute default of the Hangar Agreement nor create a condition for denial of a Hangar Agreement.

Certificates of Insurance – A current certificate of insurance shall be delivered to the TTAD prior to the execution of the Hangar Agreement. It is the sole responsibility of the tenant to ensure that the TTAD has a current certificate of insurance.

Aircraft Partnership – Each Aircraft partner shall provide proof of ownership or lease and proof of liability insurance coverage to the TTAD.

Hangar Interest Transfer – Lessee may not transfer interest in the Hangar to an Aircraft partner within two years of the date of the Aircraft partnership agreement on file with the TTAD.

Hangar Occupation as Contingency for Aircraft Sale – The sale of any Aircraft, contingent upon the continued use of any Hangar, is not permitted. At the time of purchase, the new owner of the Aircraft must vacate the Hangar.



Vacating a Hangar – Lessee shall provide written notice to the TTAD no less than 30 calendar days prior to vacating a Hangar.

Hangar Trades – Lessees may elect to trade Hangars, if mutually agreed and subject to obtaining the prior written consent of the General Manager, in accordance with the following requirements:

- Each Lessee is in full compliance with the Hangar Agreement.
- Each Lessee must have used and/or occupied the Hangar for a period of not less than 30 calendar days.
- Prior written notification shall be provided to the General Manager at least 30 calendar days prior to the proposed trade date.
- Hangar trades will commence on the first day of the month.

Non-Flyable Aircraft – The General Manager may assign a Hangar to an entity with a permitted non-flyable Aircraft for up to 18 months. The TTAD requires the following documentation to allow occupancy beyond the 18-month period:

- A valid airworthiness certificate meeting all Legal Requirements.
- A copy or affidavit of an "annual inspection" verifying airworthiness.

Note: The General Manager may extend the 18-month period if there are existing Hangar vacancies.

The TTAD may allow a Lessee to commence a construction project on a permitted Aircraft and retain possession of the Hangar for up to two years under the following conditions:

- Tenant must demonstrate construction progress to the General Manager 3 months after the date of lease execution and every three months thereafter.
- Prior written permission for the Aircraft construction project has been granted by the General Manager.
- Lessee is in full compliance with PMCDs and Legal Requirements.
- Lessee provides a copy of an FAA airworthiness certificate before the end of the two-year period.
- A copy or affidavit of an "annual inspection" verifying airworthiness.

The District may, from time-to-time, request a tenant provide additional information validating the ownership of the aircraft and that the aircraft is in a condition for safe operation. If it is deemed an aircraft is not safe for operation or out of compliance with lease requirements, the District may take steps to terminate the hangar lease.

Loss of Hangar Assignment – The Hangar Agreement shall automatically terminate in the event of the following circumstances:

- Failure to comply with the terms of the Hangar Agreement.
- Lessee is no longer in possession of a permitted Aircraft for a period of 6 months.
- Permitted Aircraft is no longer flyable.
- Lessee acquires an Aircraft that is incompatible with the assigned Hangar.



- The General Manager deems that the hangar is not adequately utilized for aeronautical purposes.

Non-Aeronautical Use of Hangars - During times of high aeronautical Hangar vacancy, the TTAD reserves the right to lease hangars for non-aeronautical purposes within acceptable FAA guidelines as set forth in the FAA Policy on the Non-Aeronautical Use of Airport Hangars, as maybe amended from time-to-time.

Hangar and Airfield Maintenance – TTAD performs or contracts with companies to perform hangar and airfield maintenance as needed. From time-to-time this work may limit or prevent a lessee’s ability to access a leased hangar. When possible TTAD will provide advance notice of such maintenance. During times that an aircraft is displaced from a hangar, TTAD will provide tie-down access on the Ramp. TTAD assumes no responsibility for any aircraft or personal items stored within District hangars whether during times of maintenance or the regular course of District business.

5.4. Standard Sublease Form Requirements

The standard sublease form shall include, at a minimum, the following:

- Legal name, address, and contact information of the Subleasing entity.
- Land and/or Improvement identification, location, and description.
- Term of sublease.
- Rights, obligations, permitted uses, and limitations of Operator and the subleasing entity.
- Subordination
- Defaults, remedies, and termination of Operator and the subleasing entity.
- Compliance with the PMCDs and all applicable Legal Requirements.
- Total administrative costs associated with processing and issuance of the Sublease COP.
- If subleasing for the purpose of Aircraft storage (Hangar or tiedown):
 - Aircraft registration number, make, model, and maximum gross landing weight.
 - Requirement to provide a Certificate of Insurance identifying industry standard liability coverage for the non-commercial Aircraft in compliance with the PMCDs.

5.5. Establishment of Market Value

The TTAD shall engage an Appraiser who meets the qualifications set forth in Appendix 5.6 to conduct an appraisal in compliance with the requirements set forth in Appendix 5.7 to determine market value.

The Appraiser shall use current appraisal methods that are appropriate for appraising airport land and/or Improvements used for General Aviation purposes.

- To determine market value, the Appraiser shall consider all three recognized appraisal methods: cost approach, market data or sales comparison approach, and income approach.



- Although application of all three approaches shall not be required, the Appraiser must adequately explain the omission of any method.
- At a minimum, the Appraiser shall utilize the income approach (and the direct capitalization technique) to derive the market value of the subject property. Integral to this process, the Appraiser shall conduct an analysis of rents, fees, or other charges for similar properties at comparable airports.
- The Appraiser shall consider each of the factors delineated in Section 4.2 of this Policy including, but not limited to, identification of comparable airports, identification of similar properties at comparable airports, property groupings (if applicable), similar on-Airport properties, market conditions and trends, component rents, and impacts of fees on rents.
- All rents, fees, or other charges used in the appraisal process shall be obtained from and confirmed by either (at a minimum by) the lessor or the lessee.

If using the cost approach to derive the replacement cost of the subject Improvements, the depreciation deduction shall be based on the economic life and the effective age of the subject Improvements. Widely recognized and highly regarded national publications (such as Marshall Valuation Service) shall be used as the basis for determining the economic life of the subject Improvements.

The Appraiser shall use an appropriate and justifiable rate of return for airport properties.

- The capitalization rates utilized by the Appraiser shall be obtained through relevant, reasonable, and appropriate methods and must be adequately discussed in the appraisal report.

The subject property shall be appraised assuming that highest and best use is aviation related.

The appraiser shall also assume that the subject property will be located on the Airport and that access to the Infrastructure and amenities of the Airport shall be available.

Additionally, the appraisal shall meet the Uniform Standards of Professional Appraisal Practice (USPAP).

5.6. Appraiser Qualifications

Appraisals shall be performed by an Appraiser who shall be a Member, Appraisal Institute (MAI) or similarly designated and equally qualified Appraiser who shall be certified by a recognized appraisal organization.

Appraiser must be certified by the California Real Estate Appraiser Qualifications and Ethics Board (NDREAB) as a General Appraiser.

- An out-of-state Appraiser may perform an appraisal provided that the Appraiser (prior to being engaged to conduct the appraisal) satisfies the NDREAB's requirements by way of reciprocity or otherwise.



Appraiser shall have working knowledge of the aviation industry (in general) and airports (in particular) including commercial entities (i.e., aviation businesses – FBOs and SASOs), Non-Commercial entities (i.e., aircraft owners and operators), and related activities.

Appraiser shall be familiar with federal and state Legal Requirements and FAA regulations, obligations, and guidance pertaining to valuing airport Improvements being used for General Aviation purposes.

Appraiser shall have experience providing the same services at comparable airports.

- Appraiser shall have performed a minimum of five appraisals involving airport land and/or Improvements within the past five years.
- Prior to initiating work, Appraiser shall provide a list to the TTAD identifying the location, the type of appraisal conducted, and the extent of analysis performed.
- Appraisals of non-aeronautical properties performed in connection with the acquisition of such properties by an airport owner/operator shall not be applied towards these requirements.

Appraisers who only conduct appraisals of off-airport (e.g., non-aeronautical) property (for acquisition or other purposes) shall not qualify.

5.7. Appraisal Requirements

In addition to complying with all applicable appraisal standards, in preparing the appraisal for the TTAD, the Appraiser must comply with the following:

Reporting Requirements – General – The depth of the discussion and analysis regarding the potential value impact of the following topics must be consistent with:

- the potential value impact itself; and
- the reporting option utilized (Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Appraisal Report)

Letter of Transmittal – Narrative Appraisal Reports – In addition to the value conclusion(s), effective date of value, and property rights appraised, the letter of transmittal must clearly set forth:

- The extent of the appraisal process (Complete Appraisal or Limited Appraisal) as well as the reporting option utilized (Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Appraisal Report).
- Reference to, or inclusion of, any contingencies and/or special appraisal assumptions which affect the validity of the appraisal and/or the reliability of the value estimate(s).
- All estimates of value must be expressed as of the current date of the appraisal; future dates of value are not acceptable unless otherwise directed by the TTAD.

Market Value – All appraisal reports must include the Definition of Market Value contained in the most current Dictionary of Real Estate Appraisal.



Regional, County, City or Town, and Market Area (Neighborhood) Data – The analysis of regional, county, city or town, and market area (neighborhood) data must be consistent with the complexity of the appraisal assignment and the specific relevance of regional, county, city or town, and market area factors to the subject property. The extent of the reporting of regional, county, city or town, and market area data must be consistent with the reporting option utilized.

Market Analysis/Market Conditions – The market analysis/market conditions section of the appraisal report must contain data and analysis consistent with the complexity of the appraisal assignment, with the focus on current market trends which affect the value and exposure time of the subject property. This section should conclude with a statement regarding the subject property’s competitive position within the market. The extent of the reporting of data must be consistent with the reporting option utilized.

Exposure Time – An estimate of exposure time must be included for each market valuation scenario addressed in the appraisal and should be a logical extension of the analysis of market conditions.

Site Description – Describe the physical characteristics of the site (size, shape, topography, soil, and drainage conditions, frontage, access and exposure, street Improvements, and utility availability). Additionally, the site description must include an analysis of any special or unusual features or conditions and the effect on the utility or value of the site. The extent of the reporting of the site description must be consistent with the reporting option utilized.

When a site inspection reveals obvious potential environmental hazards, it is incumbent upon the Appraiser to adhere to the requirements of USPAP in disclosure requirements. Observations of obvious and significant evidence of potential Hazardous Materials waste (supplemented by photographs) must be included in the appraisal report.

Zoning Descriptions – The zoning description must address the subject property’s conformity or nonconformity with current zoning and must include an analysis of land use issues that affect (positively or negatively) the subject property’s legally permissible uses. Examples include pending zoning change, pending amendments to the General Plan, open space overlay, pending changes in local Agency sphere of influence boundaries, scenic/view corridor restrictions, and 14 CFR Part 77 Objects Affecting Navigable Airspace restrictions (e.g., height limitations, setbacks, clear zones, etc.).

Taxes and Assessment Data – Taxes and assessment data must also include the amount of any outstanding special assessments.

Description of Improvements – Describe the exterior and interior physical characteristics of the structural Improvements (type, size, design or layout, structural components, construction materials, equipment, and mechanical systems) and the quality and condition of same (noting deferred maintenance, if any). Depending upon the type of Improvements and market standards for the subject property, size should be expressed in a gross, rentable, and usable area basis. Comment is required regarding the functional utility and any significant lack of utility relative to



market standards requires expanded analysis. The description of site Improvements (e.g., parking area, landscaping, etc.) must include physical characteristics. The extent of reporting of the description of Improvements must be consistent with the reporting option utilized.

Remaining Economic Life – If using the cost approach in the valuation analysis, the description of the existing Improvements must include a statement as to remaining economic life of the subject Improvements.

- Widely recognized and highly regarded national publications (e.g., Marshall Valuation Service) shall be used as the basis for determining the economic life of the subject Improvements.

Current Occupancy – Current occupancy must be reported together with current lease terms and conditions (as applicable).

Operating History – Income Properties – When applicable, a three year operating history must be reported and analyzed and prior rental income, expenses, and occupancy rates must be presented in reasonable detail.

Highest and Best Use – All appraisals of proposed development must include an analysis of the highest and best use of the land as if vacant and the highest and best use as proposed. For existing Improvements which are clearly representative of highest and best use, the analysis of the land (as if vacant) and the property (as improved) can be abbreviated. In cases of excess land or where existing Improvements are not representative of highest and best use, an expanded analysis is required. The extent of the reporting of the highest and best use analysis must be consistent with the reporting option utilized.

With additional regard to proposed developments, the cost approach should be utilized to test the financial feasibility of the proposed development. When cost exceeds value or when the indication of project profitability is below typical expectations for similar developments, an expanded highest and best use analysis is required.

Comparable Data Documentation – Comparable sales and rental data are to be detailed and documented as follows:

Self-Contained Appraisal Reports and Summary Appraisal Reports must contain the summary details of each item of market data utilized in the valuation analysis. This may be accomplished by the use of summary tables in the body of the appraisal report. Documentation as to verification and recording data must be retained in the appraisal file.

Restricted Appraisal Reports need not contain the details of each item of market data utilized in the valuation analysis. However, specific details, including documentation as to verification and recording data, must be retained in the Appraiser's files.

Rental data (for Airport land and/or Improvements) is to be derived from an analysis of comparable airports having similar properties.

Adjustment Grids (optional) – Adjustments to the comparable sales or rental data may be presented in a grid format and adjustments may be expressed on a qualitative and/or



quantitative basis. All adjustments contained in an adjustment grid must be adequately explained in the appraisal report.

When an adjustment grid is not utilized, the appraisal report must contain sufficient narrative to enable the reader to understand the comparative analysis.

Overall capitalization rates and discount rates must be supported by data and analysis.

- For Self-Contained and Summary Appraisal Reports, the data and analysis must be summarized within the report. For Restricted Appraisal Reports, the data and analysis must be contained in the Appraiser's files.

Exhibits/Photographs – Required photographs and exhibits, as applicable, shall include:

- Photographs of the subject property
- Location map(s)
- Airport Layout Plan
- Site Plan/Plot Plan
- Complete Legal Description (if not included in the body of the report).

5.8. Dispute Resolution

If a Lessee disagrees with the Market Rent (or the market value) conclusion reached by the aviation consultant (or Appraiser), the Lessee may, at Lessee's risk, cost, and expense, engage a second aviation consultant (or Appraiser) who shall meet the qualifications set forth in Section 4.2 of this Policy to conduct an independent Rent Study as set forth in Section 4.2 of this Policy (or appraisal as set forth in Appendix 5.7). If the conclusions of the two Rent Studies (or appraisals) reflect a variance of 10% or less, the results of both Rent Studies (or appraisals) shall be averaged to determine the Market Rent (or the market value).

If the variance exceeds 10% and an agreement cannot be reached between the TTAD and the Lessee regarding the Market Rent (or the market value) based on the conclusions of the first and second Rent Studies (or appraisals), the first and second aviation consultants (or Appraisers) shall mutually select a third aviation consultant (or Appraiser) who shall meet the qualifications set forth in Section 4.2 of this Policy.

- The third aviation consultant (or Appraiser) shall make a determination regarding the Market Rent (or the market value) based on a review of the first and second Rent Studies (or appraisals).
- If the first and second aviation consultants (or Appraisers) are unable to agree upon the third aviation consultant (or Appraiser), the TTAD shall appoint a third aviation consultant (or Appraiser) who shall meet the qualification stipulated in Section 4.2 of this Policy to make a determination regarding the Market Rent (or the market value).

The third aviation consultant (or Appraiser) may request a hearing at which the first and second aviation consultants (or Appraisers) shall provide such additional information, data, documentation, and/or clarification regarding the Rent Study (or appraisal) as the third aviation consultant (or Appraiser) may require. The third aviation consultant (or Appraiser) shall have



the right to gather, analyze, and consider additional information, data, and documentation as the third aviation consultant (or Appraiser) deems relevant, reasonable, and appropriate.

The third aviation consultant (or Appraiser) shall make a final determination based on a review of the two Rent Studies (or appraisals) and any additional information, data, documentation, and/or clarification provided by the first and second aviation consultants (or Appraisers) and/or gathered or analyzed by the third aviation consultant (or Appraiser). The decision of the third aviation consultant (or Appraiser) regarding the Market Rent (or market value) shall be accepted by the TTAD and Lessee and shall be legally binding.

All costs and expenses associated with the work of the third aviation consultant (or Appraiser) shall be paid equally by the TTAD and the Lessee.

- During any period when there is disagreement between the TTAD and the Lessee regarding a rent adjustment, the Lessee shall be responsible for the payment of the adjusted rent as recommended by the aviation consultant first engaged by the TTAD. Once the disagreement is resolved, any difference between the rent paid and the final determined rent shall be paid to the TTAD or credited to the Lessee's account (as appropriate).