PRESCOTT MUNICIPAL AIRPORT
ERNEST A. LOVE FIELD

REQUEST FOR PROPOSALS
("RFP")

RFP# 11AIR1027

Lease of Airport Property at Prescott Municipal Airport
In the vicinity of the

West Ramp

Date Offered:	September 25, 2011
Pre Proposal Conference:	October 3 at 10:00 A.M. Local Time
Closing Date & Time:	October 27 at 2:00 P.M. Local Time
Contact Person:	Benjamin D. Vardiman, ACE, Airport Manager ben.vardiman@prescott-az.gov

PRESCOTT MUNICIPAL AIRPORT
6546 CRYSTAL LANE
PRESCOTT, AZ 86301
(928) 777-1114
(928) 771-5861 fax
www.prescott-az.gov

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SECTION I

NOTICE OF INTENT TO LEASE

The City of Prescott gives notice of its intent to lease airport property for commercial aeronautical purposes to the proposer who demonstrates the ability to perform in the best interest of the City as outlined in their proposal. Written proposals will be accepted from qualified individuals or firms for lease of property on Prescott Municipal Airport, Ernest A. Love Field. The use of the property is restricted to development and use of aviation or aviation related facilities for commercial aeronautical activities. The subject property is approximately 133,729.2 square feet of property with road access and an aircraft parking ramp in a deteriorating condition. Potential uses include a commercial, corporate, and/or administrative space for use in the conduct of aviation or aviation related business.

A pre-bid meeting will be held on Monday October 3rd at 10 A.M. at the Airport Administration Building.

Six copies and one original proposal (see Section VI) must be submitted to the Purchasing Manager at the Prescott City Hall located at 201 So. Cortez Street, Prescott Arizona, 86303. Said proposals shall be submitted by **2:00 P.M. local time on October 27, 2011**. All proposals will be opened at that place and time. Late proposals will be rejected unopened. The envelope or box containing the proposals must be sealed and clearly marked ***RFP # 11AIR1027 Airport Property Lease Proposal – West Ramp***.

Questions may be directed to Ben Vardiman, Airport Administration at telephone 928-777-1114 or by E-mail to, ben.vardiman@prescott-az.gov.

The City of Prescott reserves the right to accept or reject any or all proposals. City staff reserves the right to negotiate a license agreement with any proposer.

Pursuant to A.R.S. Section 38-511, the City of Prescott may cancel any agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the City is, at any time while the agreement or any extension of the agreement is in effect, an employee or agent of any other party to the agreement in any capacity or a consultant to any other party of the agreement with respect to the subject matter of the agreement. In the foregoing event, the City of Prescott further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this agreement on behalf of the City of Prescott from any other party to the agreement arising as a result of this agreement.

The prospective Lessee shall comply with all federal, state and local statutes and requirements in the operation and delivery of services including but not limited to the Americans with Disabilities Act and Federal Aviation Grant Assurances.

SECTION II

BACKGROUND AND GENERAL INFORMATION

The Prescott Municipal Airport (Ernest A. Love Field) is operated under the jurisdiction of the City of Prescott. Prescott Municipal Airport is the only commercial service airport servicing Yavapai County. The Airport Department is empowered to provide for the development, operation, and maintenance of the airport and, with respect to aeronautical facilities and concessionaires, to negotiate agreements with the operators thereof.

1. PURPOSE:

The purpose of this RFP is to develop aviation and/or aviation related services at Prescott Municipal Airport in accordance with City's objectives and Federal Aviation Administration grant assurances. The City of Prescott, as the owner and operator of the Prescott Municipal Airport, is hereby requesting proposals from qualified entities interested in providing aviation and/or aviation related services. The City will evaluate proposals from qualified proposers to provide aviation and aviation related services and will award the lease to the best qualified bidder. The contents of this RFP are provided as background and general information for Proposers and as a guide for the City to evaluate submitted Proposals. The minimum operating standards set forth in this RFP are the minimum requirements to conduct aeronautical uses on the airport. Proposers may submit plans to meet or exceed the minimum operating standards. The City reserves the right to accept or reject any proposal or negotiate with any or all of the proposers.

2. BACKGROUND:

The Prescott Municipal Airport is one of the nation's busiest general aviation airports with approximately 240,000 operations per year. Home to Embry-Riddle Aeronautical University's western campus, a United States Forest Service aviation facility supporting aerial firefighting during the summer and a growing list of airport business – both on-airport aviation-related and businesses located in the adjacent business park, the airport is developing into a regional airport to support the aviation needs of the North-Central Arizona area.

The airport provides aviation support US Forest Service fire bomber, helicopter and support aircraft operations during the summer months. The airport is certified by the FAA as an FAR Part 139 airport with scheduled airline service currently provided by Beech 1900 aircraft and Bombardier Q-400 aircraft.

The City is moving forward with a modernization and expansion of the airport facilities. Future projects include the construction of a new commercial air service terminal building, extension of the ILS-equipped primary runway and strengthening the runway pavement.

3. ANTICIPATED SCHEDULE FOR PROPOSAL AND AWARD

1. RFP AVAILABLE:	Sept 25, 2011
2. PRE -PROPOSAL MEETING	Oct 3, 2011 at 10AM
3 PROPOSAL DEADLINE:	Oct 27, 2011 at 2 PM
4. CITY REVIEW AND EVALUATION:	Nov/Dec 2011
5. PRESENTATION AND RECOMMENDATION TO CITY COUNCIL	Dec 2011

SECTION III

SCOPE OF PROJECT

1. GENERAL DESCRIPTION OF PROPERTY

The subject property is located in the vicinity of the West Ramp at the Prescott Municipal airport and consists of approximately 3.07 Acres (133729.2 square feet) of improved property. Improvements to the property include an aircraft parking ramp for small (<12,500lbs) aircraft. Title to the improvements shall be conveyed through the lease document to the successful Proposer for the term of the lease.

2. TERM OF LEASE AGREEMENTS.

It is anticipated that any Agreement to lease City facilities, bare ground, and fixtures shall be in effect for 25 years with two 5-year options. All rents and charges will commence upon the effective date of the Agreement.

3. IMPROVEMENTS TO BE CONSTRUCTED BY PROPOSER

It is anticipated that Proposer shall propose and be obligated to construct a minimum of $2 million of Phase 1 improvements to the property within 4 years of the effective date of the lease. All improvements will be constructed in accordance with all applicable federal, state, and local rules, regulations, laws, and ordinances including but not limited to applicable FAA standards, guidelines, and advisory circulars regarding construction of facilities on an airport. Construction of improvements may be constrained by existing or planned City development or expansion of the airport and/or applicable FAA standards, guidelines, and advisory circulars regarding construction of facilities on an airport. It is the responsibility of the Proposer to be aware of and familiar with any existing constraints upon the property as it relates to the construction of improvements.

4. MINIMUM QUALIFICATIONS.

Only those proposals received on time and in proper form will be accepted. Proposers who provide evidence that they are fully competent, have the necessary experience, organization and financial capacity to fulfill the requirement for equipping and operating a general fixed base operation, and who can provide evidence of all necessary certificates and licenses, will be considered.

After receipt of the proposals the City will rank the eligibility of each Proposal to be considered. The following minimum financial and experience criteria have been established as a basis for qualifying the eligibility of a Proposer: The top five proposals will be evaluated under section VIII of this RFP.

(a) Revenues to the City including but not limited to ground and facility leases fees
(b) Company background, qualifications & experience
(c) Services to be offered
(d) Financial capability to construct the proposed improvements and initiate operations
(e) Proposed company's improvements, construction & delivery
(f) Proposal Bond included with proposal

5. RESPONSIBILITY OF SUCCESSFUL PROPOSER.

The successful Proposer's responsibilities shall be in accordance with the conditions of this RFP, the terms of the Agreement and the proposed Airport Minimum Operating Standards (Attachment B) as may be adopted by the City Council for the City of Prescott.

SECTION IV

BUSINESS TERMS

1. GOOD FAITH NEGOTIATION SECURITY DEPOSIT:

Each proposal must include a security deposit in the form of a bond or a cashier's check in the amount of ten thousand dollars ($10,000.00) payable to the City of Prescott, which will be held by the City until an Agreement is executed with the selected Proposer. Failure on the part of the selected Proposer to enter into good faith negotiations towards a final Agreement with City within ten (10) business days of notice of selection shall result in forfeiture of Proposer's security deposit as liquidated damages. Thereafter, City may award the Agreement to another Proposer. After an Agreement has been executed with the selected Proposer, the security deposit will be returned to companies not selected by the City of Prescott and the security deposit of the selected Proposer shall be returned to the selected Proposer within thirty (30) days of the execution of the Agreement. Execution of a final agreement is anticipated to be completed within thirty (30) days of notification of selection.

2. PAYMENT TO CITY OF PRESCOTT:

For rights and privileges granted herein, the successful Proposer agrees to pay the City of Prescott consideration consisting of Construction Rent and an Aggregate Base Rent upon completion of the Phase 1 improvements. In no case shall the City of Prescott accept a proposal specifying a Construction Rent of less than $696.51 per month and an Aggregate Base Rent of less than Two Thousand Seven Hundred Eighty Six and 03/100 Dollars ($2,786.03) per month ($0.25 per sqft per year).

The successful Proposer shall also pay any and all applicable fees as may be established by the City of Prescott as published in the Rates and Fees Schedule.

The City of Prescott reserves the right to establish and amend the Rates and Fees Schedule at its discretion.

3. LEASE SECURITY PAYMENT:

Company shall provide City on or before the commencement date of the Agreement with a lease security payment equal to the estimate of three (3) months' rentals, fees and charges including but not limited to applicable taxes to guarantee the faithful performance by Company of its obligations under this Agreement and the payment of all rentals, fees and charges due hereunder. Such lease security payment shall not be refundable and shall be deemed earned by the City of Prescott.

SECTION V

GENERAL TERMS AND CONDITIONS

1. INSURANCE REQUIREMENTS:

Prior to commencement of operations, the successful Proposer shall procure and maintain insurance as specified by the City for all activities to be conducted by the Proposer.

2. BINDING OFFER:

A Proposer's submittal shall remain valid for a period of one-hundred twenty (120) days following the Proposal deadline and will be considered a binding offer to perform the required services, assuming all terms are satisfactorily negotiated. The submission of a proposal shall be taken as prima facie evidence that the Proposer has familiarized itself with the contents of the RFP and any and all amendments there too if so issued by the City of Prescott.

3. COMPLIANCE.

Proposer shall comply with all local, State and federal directives, orders and laws as applicable to this proposal and subsequent agreement including construction of any Improvements.

4. NON-EXCLUSIVITY OF AGREEMENT:

The successful Proposer understands and agrees that any resulting contractual relationship is non-exclusive. The City of Prescott reserves the right to seek similar or identical services (subject to minimum development and performance standards) elsewhere if deemed at the sole discretion and in the best interests of the City.

5. COLLUSION:

Proposals may be rejected if there is reason for believing that collusion exists among Proposers, and no participant in such collusion will be considered in any future proposals for the operation of any concession for the next twelve (12) months following the date of the Proposal submission.

6. HOLD HARMLESS:

The Proposer hereby agrees to indemnify and hold harmless the City, its departments and divisions, its employees and agents, from any and all claims, liabilities, expenses or lawsuits as a result of the Consultant's participation pursuant to this Agreement, whether said claims, liabilities, expenses or lawsuits arise by the acts or omissions of the undersigned or his/her agents. The Proposer further releases and discharges the City, its departments and divisions, its agents and employees, and any and all persons legally responsible for the acts or omissions of the City, from any and all claims which the Proposer has or may have against the City, its agents or employees, arising out of or in any way connected with the Proposer's activities as set forth below, other than those acts which occur due to the negligence of the City, its employees or agents.

7. GOVERNANCE:

If any of the language or information in this Proposal conflicts with language in the Agreement as prepared by the City of Prescott, the language of the final Agreement, as executed, will govern.

8. PUBLIC DISCLOSURE:

All Proposals and other materials or documents submitted by Proposer in response to this RFP will become the property of the City of Prescott and will not be released to the public until after the selection or rejection of any or all proposals.

SECTION VI

PROPOSAL REQUIREMENTS AND SUBMITTAL

Proposers are advised to carefully follow the instructions listed below in order to be considered fully responsive to this RFP. Proposals sent by facsimile (FAX) or electronic mail will **NOT** be accepted. Any Proposal received after ***2:00pm on October 27, 2011*** shall be deemed unresponsive and will be returned to Proposer unopened.

Proposer shall carefully review and address all of the evaluation factors previously outlined in this RFP as well as responding to *all* questions contained in Section VII, Proposal Form. In order to be considered, Proposer must be able to demonstrate that it meets the minimum qualifications established in the RFP and has the resources, both staff and financial, to build, operate and manage the proposed aviation or aviation related service.

1. NUMBER OF PROPOSALS: **One (1) Original** (clearly marked "ORIGINAL") and **Six (6) Copies** (clearly marked "CITY").

The maximum size of the proposals, including all attachments, diagrams, or other information shall not exceed fifty (50) pages.

1. DELIVERY OF PROPOSALS:

The delivery of the proposal to the City of Prescott prior to the deadline is solely and strictly the responsibility of the Proposer. **The delivery deadline is October 27, 2011 at 2:00 pm local time**. The City of Prescott will in no way be responsible for delays caused by the United States Postal Service or for delays caused by any other occurrence.

2.1 Hand Delivery: City of Prescott
Attn: Purchasing Manager
201 S. Cortez Street
Prescott, AZ 86303

2.2 Mail or Courier Delivery: City of Prescott
Attn: Purchasing Manager
201 S. Cortez Street
Prescott, AZ 86303

2.3 Sealed and Labeled: All Proposals shall be sealed and labeled –
SEALED PROPOSAL:
RFP # 11AIR1027
Airport Property Lease Proposal - West Ramp

2. EXECUTION OF PROPOSAL:

Proposer shall execute the Proposal, or an official of Proposer's firm authorized to do so as stated in this RFP under Section VII.K – Acknowledgement of Proposal Required.

3. REJECTION OF PROPOSALS:

The RFP shall in no manner be construed as a commitment on the part of the City to award a contract. The City of Prescott reserves the right to reject any or all proposals; to waive minor irregularities in the RFP process or in the responses thereto; to re-advertise this RFP; to postpone or cancel this process; and to change or modify the RFP schedule at any time.

Additionally, any of the following causes may be considered as sufficient reason for disqualification and/or rejection of a prospective applicant's proposal:

a. Submission of more than one (1) proposal by an individual, firm, partnership, or corporation under the same or different names.
b. Submission of an incomplete proposal.
c. Proposer's failure to satisfactorily perform any present or previous obligation to the City.
d. Any other conduct or circumstance which by law requires rejection of a proposal.

4. COST OF PREPARATION:

The cost of preparing a proposal to this RFP shall be borne entirely by the Proposer.

5. RFP COMPLIANCE:

It is the responsibility of each Proposer to examine carefully this RFP and to judge for itself all of the circumstances and conditions which may affect its proposal and subsequent construction, operation and management of the proposed business pursuant to the Agreement. Any data furnished by the City is for informational purposes only and is not warranteed. Proposer's use of any such information shall be at Proposer's own risk. Failure on the part of any Proposer to examine, inspect, and to be completely knowledgeable of the terms and conditions of the Agreement, operational conditions, or any other relevant documents or information shall not relieve the selected Proposer from fully complying with this RFP. Proposals submitted early by Proposers may be withdrawn or modified prior to the Proposal deadline. Such requests must be in writing. Modifications received after the Proposal deadline will not be considered.

6. REQUESTS FOR INTERPRETATION OR CLARIFICATION:

If any prospective Proposer finds discrepancies or omissions or there is doubt as to the true meaning of any part of the RFP, a written request for a clarification or interpretation must be submitted in writing, addressed to the Airport Manager, Prescott Municipal Airport, 6546 Crystal Lane, Prescott, AZ 86301. Facsimile and e-mail requests for interpretations will also be accepted for this project. The airport fax number is (928) 771-5861 and the airport e-mail address is ben.vardiman@prescott-az.gov.

It is the responsibility of the Proposer to verify the City has received the written, facsimile or e-mail request. To be given consideration, such requests must be received at least three (3) business days prior to the date of the Pre-Proposal Meeting. All such interpretations and any supplemental instructions will be in the form of a written addendum which, if issued, will be sent each to person formally requesting a copy of this RFP at the respective mailing address, e-mail address, or fax number furnished for such purposes prior to the date fixed for the deadline for Proposals. Failure of any Proposer to receive any such addendum or interpretation shall not relieve said Proposer from any obligation contained therein. Any objection to the specifications and requirements as set forth in this RFP must be filed in writing with the City of Prescott not less than ten (10) business days prior to the Proposal deadline.

7. WARRANTY:

The Proposer warrants that the Proposal submitted is not made in the interest of or on behalf of any undisclosed party; that the Proposer has not, directly or indirectly, induced any other Proposer to submit a false Proposal; or that Proposer has not paid or agreed to pay to any party, either directly or indirectly, any money or other valuable consideration for assistance or aid rendered or to be rendered in attempting to procure the contract for the privileges granted herein.

8. OPENING:

All proposals will be opened and evaluated, after the published ***Proposal deadline of 2pm on October 27, 2011*** at the City of Prescott Council Chambers by the Purchasing Manager, 201 S. Cortez Street, Prescott, AZ. See Section VII, Evaluation and Selection Process, for further information.

9. SUPPLEMENTAL INFORMATION:

The City of Prescott reserves the right to request any supplementary information it deems necessary to evaluate Proposer's experience or qualifications. This may include: supplemental financial information, scheduled interview(s) and/or additional presentations by the Proposer.

10. PRE-PROPOSAL CONFERENCE:

A pre-proposal conference will be held at **10:00 a.m. (local time) on October 3, 2011**, at the Airport Administration Office, 6546 Crystal Lane, Prescott, Arizona for the purpose of reviewing the RFP and providing a tour of the airport and its facilities. Attendance at the pre-proposal conference is not mandatory but is recommended.

SECTION VII

PROPOSAL FORM

Proposals shall be typed, double-spaced with each page numbered at the bottom, and using one side of the paper only. Proposer shall respond to all questions and requirements below in the following format. All questions must be completed in full, as a condition of the RFP. Proposals shall be stapled or otherwise bound, and assembled in organized sections that include a table of contents and TABS with each section title. Proposals shall not exceed fifty (50) pages including all maps, diagrams or other materials.

Proposers are asked to pre-qualify themselves by completing the following pages and including them as the first section of the proposal:

1. PROPOSER'S COMPANY INFORMATION:

Date Submitted: _____ Submitted by: _____

Legal Name: _____ (Individual, Partnership or Corporation)

Doing Business As (if applicable) _____

Place of Incorporation: (if applicable) _____

Check One: Individual ( ) Partnership ( ) Corporation ( )

Principal Office Address: _____

Official Representative: _____

IF THE PROPOSER IS AN INDIVIDUAL ONLY:

If a Partnership only, skip to page 5

If a Corporation only, skip to page 6

That he/she is an individual doing business under the name of _____ at _____ in the City of _____, County of _____, State of _____:

That the following is a complete and accurate list of the names and addresses of all persons interested in this Proposal:

NAME	ADDRESS
_____	_____
_____	_____
_____	_____

and that he/she is represented by the following resident agents (if any) in Yavapai County:

NAME	ADDRESS
_____	_____
_____	_____
_____	_____

IF THE PROPOSER IS A PARTNERSHIP ONLY:

That the person signing this form is duly authorized representative of a partnership, doing business under the name of _____,

in the City of _____, State of _____:

That the partnership is a (general) (limited) partnership, organized on _____(date), and the Partnership Agreement is recorded in the City/County of _____, State of _____

That the following is a complete and accurate list of the names and addresses of the partners:

NAME	**ADDRESS**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

and that said partnership is represented by the following resident agents (if any) in Yavapai County:

NAME	**ADDRESS**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

FOR A GENERAL PARTNERSHIP, INCLUDE AN EXECUTED COPY OF THE WRITTEN PARTNERSHIP AGREEMENT AND ANY AMENEDMENTS THERETO.

FOR A LIMITED PARTNERSHIP, INCLUDE A CERTIFIED COPY OF THE LIMITED PARTNERSHIP AGREEMENT AND ANY AMENEDMENTS THERETO AS FILED WITH THE SECRETARY OF STATE.

IF THE PROPOSER IS A CORPORATION ONLY:

That the person signing this form is the duly authorized, qualified and acting _____(title) of _____(corporation), _____ (type of corporation), a corporation organized on _____(date) and existing under the laws of the State of _____:

That the following is a complete and accurate list of the officers and directors of said corporation:

TITLE	**NAME**	**ADDRESS**
President	_____	_____
Vice Pres.	_____	_____
Secretary	_____	_____
Treasurer	_____	_____
Local Manager Or Agent:	_____	_____

Directors: _____ _____

_____ _____

_____ _____

_____ _____

_____ _____

_____ _____

Stockholders: _____

_____

_____ _____

_____ _____

_____ _____

_____ _____

and that the following officers are fully authorized to execute contracts on behalf of said corporation.

NAME	**ADDRESS**
_____	_____
_____	_____
_____	_____

PROVIDE A CERTIFIED COPY OF THE ARTICLES OF INCORPORATION OR ARITCLES OF ORGANIZATION AS MAY BE APPROPRIATE

2. REFERENCES.

List below the names and addresses of Proposer's landlords for the operations listed in Paragraph c.2. below:

OPERATION	LANDLORD	ADDRESS	PHONE

Have any leases for the operation of an aviation related business (or similar privilege) held by Proposer's organization ever been cancelled for any reason?

YES ( ) NO ( )

If yes, give details on a separate sheet.

3. EXPERIENCE:

List the number of years experience Proposer has had in the operation of an aviation related business: _____

Provide the following information for all airports which Proposer's organization has conducted an aviation related business (attach separate sheet, if necessary):

a) Airport Name

b) Location

c) Dates of Operation

d) A detailed description of services provided.

4. FINANCIAL INFORMATION:

State the largest gross receipts Proposer's organization has realized from the operation of any of the facilities in Paragraph c.2. in a 12 month period, realized with in the last 3 years:

a) Products/services:

Dollar Amt: $_____ Location:_____ 12 Month Period: _____

Provide a statement, satisfactory to the City of Prescott, which demonstrates the Proposer's financial responsibility, from a bank or trust company.

Bank References:

BANK	ADDRESS	CONTACT

Provide the latest available fiscal statements certified by an Independent Certified Public Accountant.

5. PROPOSED COMPANY'S IMPROVEMENTS, CONSTRUCTION AND DELIVERY (IF ANY):

Proposed Company's Improvements Sketch. If any improvements are proposed, attach a composite sketch or artist rendering of proposed Company's Improvements.

Layout and Floor Plans. If any improvements are proposed, attach sketch of proposed Company's Improvements layout and floor plans, which shall include no less than the minimum square footage of the Company's Improvements the Proposer plans to provide.

Construction Process. If any improvements are proposed, attach a description of the construction methods, materials and delivery system design such as, bid build, design build, construction management, etc. and overall project schedule that Proposer plans to utilize in providing the proposed Company's Improvements, and an estimate of the overall investment.

6. BUSINESS PLAN:

Operations Plan. Attach a complete and detailed narrative description of the Proposer's space of operations, setting forth specifically each business activity proposed and the space of such activity. Include proposed fees and charges.

Customer Service Plan. Attach a complete and detailed narrative description of the Proposer's customer service plan that includes the ability to meet the needs/requests of customers as well as a means for resolving customer complaints.

Management Structure and Operating Personnel Schedule. Attach a complete description of the Proposer's proposed management structure and operating personnel schedule. Identify the individual that will be the primary day-to-day contact on this project. Include resume(s), outlining the experience and qualifications, of the personnel Proposer would assign to the business, and job descriptions, including a list of specific job duties.

Marketing Program. Attach a complete description of the marketing program Proposer plans to use in attracting general aviation activity to the business. Include Proposer's estimated annual advertising budget.

7. COMPENSATION TO CITY OF PRESCOTT

Attach a detailed statement of all proposed rental payments consisting of Land Rent and Facility Rent to be paid to the City of Prescott during the initial ten year period of the Lease agreement. The minimum construction period rent is $696.51 per month and the minimum Aggregate Base Rent is Two Thousand Seven Hundred Eighty Six and 03/100 Dollars ($2,786.03) per month ($0.25 per sqft per year). A schedule itemizing payments by year is required, along with an explanation of how any payment adjustments (escalations) will be calculated.

Attach a detailed plan of the anticipated revenue to the City for the first ten-year period and any other fees or payments to the City that the Proposer would like the City to consider during the selection process.

8. ADDITIONAL INFORMATION:

Attach any other background information about the qualifications and experience of Proposer's organization or personnel that may be useful to the City in evaluating your capabilities.

9. RESOLUTION OF BOARD OF DIRECTORS:

Proposer shall attach hereto a certified Copy of a Resolution of the Board of Directors of Proposer stating that it is duly authorized to submit this Proposal and to enter into and execute a Lease and License Agreement for a aviation or aviation related business, naming the officers of the Proposer who are authorized to negotiate and to execute the Agreement on Proposer's behalf.

10. INSURANCE AND INSURABILITY:

Proposer shall attach hereto a current insurance certificate outlining limits and a letter from Proposer's current insurance company stating that the insurance company would provide insurance at the limits required herein.

11. EXCEPTIONS NOTED:

Proposer shall request any changes or exceptions to any part of this RFP in writing as part of their proposal submittal.

12. <u>ACKNOWLEDGEMENT OF PROPOSAL REQUIRED</u>:

The submittal of this Proposal is a duly authorized, official act of Company and the undersigned officer of Company is duly authorized and designated by Resolution of Company to execute this Proposal on behalf of and as the official act of Company, this _____ day of _____, 20_____.

BY _____
(Signature)

_____

(Print Name & Title)

ACKNOWLEDGEMENT OF ADDENDA

Addendum No. _____ Signature: _____ Date : _____

Addendum No. _____ Signature: _____ Date : _____

Addendum No. _____ Signature: _____ Date : _____

Addendum No. _____ Signature: _____ Date : _____

Addendum No. _____ Signature: _____ Date : _____

SECTION VIII

EVALUATION AND SELECTION PROCESS

1. OBJECTIVE:

It is the City's intention to solicit Proposals from potentially qualified Proposers; to evaluate their Proposals; to negotiate terms; and to award a contract to the Proposer whose Proposal is determined to serve in the best interest of the City of Prescott. The City reserves the right to accept or reject any or all proposals or negotiate with any or all of the proposers.

2. EVALUATION AND RECOMMENDATION:

An evaluation committee, consisting of City staff and any outside resource chosen by City, will review and evaluate all qualified Proposals received by the submittal date as set forth in this RFP, or as amended by addenda. The City reserves the right to request additional information and clarification of any information submitted, including any omission from the original Proposal. All Proposals will be treated equally with regard to this item. Based on its technical review, the committee will prepare a tabulation of all firms, indicating the top three (3) scoring firms.

In order to achieve maximum scores, Proposers must demonstrate to the City's Evaluation Team that they are fully qualified to provide the services required by this RFP. Fully qualified Proposals will have the qualifications (financial resources, expertise and skills) and experience (documented, successful, and relevant) necessary to meet the requirements of the RFP. The following evaluation criteria have been established in determining which Proposer will best contribute to the overall goals of the City of Prescott:

Evaluation Criteria

1. Revenues to the City including but not limited to ground and facility leases fees
2. Company background, qualifications & experience
3. Proposed company's improvements, construction & delivery
4. Financial capability to construct the proposed improvements and initiate operations
5. Service to be provided
6. Level and quality of services provided
7. Management & staffing experience
8. Company's business and marketing plans
9. References

The City may schedule interviews as part of its evaluation process. If the Proposer's firm is invited to interview with the Evaluation Committee, the person identified in Section VII.F.3, as the primary day-to-day contact on this project should play the lead role in the interview.

3. CONFLICT OF INTEREST

Pursuant to A.R.S. Section 38-511, the City of Prescott may cancel this agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the City is, at any time while the agreement or any extension of the agreement is in effect, an employee or agent of any other party to the agreement in any capacity or a consultant to any other party of the agreement with respect to the subject matter of the agreement. In the foregoing event, the City of Prescott further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this agreement on behalf of the City of Prescott from any other party to the agreement arising as a result of this agreement.

4. CONTRACT EXECUTION:

Contingent upon successful negotiations with the selected Proposer, the City of Prescott will transmit to the Proposer copies of the actual Lease Agreement for execution. The Proposer agrees to deliver three (3) duly executed Agreements to City within ten (10) days from the date of receipt of said notice and Agreements. Upon receipt of the executed agreement from the Proposer, the City will seek authorization from the City Council to execute the agreement within thirty (30) business days. The agreement shall have no force or effect on the City unless and until it is approved by formal action of the Prescott City Council.

ATTACHMENT A

STANDARD CITY AIRPORT LEASE

City Contract #_____

Airport Lease between the

CITY OF PRESCOTT

AND

_____

LEASE AGREEMENT

EFFECTIVE DATE

_____, 20____

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AIRPORT GROUND LEASE BETWEEN THE

CITY OF PRESCOTT AND _____

This agreement is made between the **CITY OF PRESCOTT**, a municipal corporation of the State of Arizona, hereinafter referred to as "CITY" or "LESSOR", and _____, hereinafter referred to as "LESSEE". In consideration of the premises and the mutual covenants contained in this Lease, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party to the other, the parties agree as follows:

RECITALS

The City of Prescott has agreed to lease approximately .395 acres of land at Ernest A. Love Field to _____, the Lessee, for the purpose of _____. Title to the existing improvements are hereby vested by the City of Prescott to the Lessee during the term of this Lease. Should improvements be made by the Lessee to the site, Lessee will retain ownership of the improvements during the term of this Lease.

ARTICLE I. DEFINITIONS AND EXHIBITS

A. Definitions. The following words as used in this Lease shall have the following meanings unless the context clearly indicates otherwise:

Airport means Ernest A. Love Field.
Airport Manager means the City's Airport Manager.
Approved Lease Form means a form of Space Lease (as described in Article XII), which has been reviewed and approved by Lessor in advance of its use by Lessee in establishing Space Leases.
City means the City of Prescott, Arizona.
City Council or *Council* means the City Council of the City.
City Manager means the City Manager for the City.
Encumbrance means:

(1) any pledge, mortgage, contract lien, assignment, or transfer, of all or part of Lessee's interest in the Premises; or

(2) any transfer of fifty percent (50%) or more of Lessee's total ownership interest in Lessee's business.

Effective Date means that date upon which the City Council has formally approved this Lease, which date shall be inserted on the cover page of this Lease concurrent with the City's execution following such approval.
Existing Improvements means those buildings, vehicular parking, and associated improvements to serve the property (if any) existing on the Premises as of the Effective Date of this Lease.
F.A.A. means the United States Federal Aviation Administration or its successor agency.
Improvement means the construction, erection, placement, removal, expansion, alteration, or modification of any building, structure, or fixture on the Premises by

Lessee, including any parking lot, driveway, walkway, landscaping feature, water well, water supply system, septic system, utility line, or outdoor sign.
Initial Improvements mean the initial buildings, vehicular parking improvements, and associated improvements to serve the buildings (if any), which comprise the Phase 1 Improvements.
Lease means this agreement.
Lessee means _____.
Mortgagee means the beneficial holder of a mortgage on any Improvement and Lessee's interest under this Lease.
Phase 1 Improvements are those improvements (if any) to be constructed as the first phase of Improvements as more specifically described on Exhibit C.
Premises means the real property subject to this Lease as depicted on the map in Exhibit A and as described by metes and bounds in Exhibit A-1.
Qualified Tenant mean a tenant under a Space Lease as described in Article XII of this Lease which meets the requirements set forth on Exhibit D attached hereto.

B. Exhibits. This Lease includes the following exhibits, attached to and incorporated into this Lease by reference. Any amendment of any Exhibit to this Lease approved by the City Council shall be attached to this Lease as a modification of this Lease. The amendment to any Exhibit shall be effective when the City and Lessee execute a written instrument accepting such amendment.

Exhibit A is a drawing of the Premises.
Exhibit A-1 is the legal description of the Premises.
Exhibit B are the allowed uses for the Premises.
Exhibit C is a description of the Phase 1 Improvements (if any).
Exhibit D sets forth the requirements for a "*Qualified Tenant*" of space in the Premises.
Exhibit E is the form of Notice of Intent to Sublease for use pursuant to Article XII(A).

ARTICLE II. LEASE OF PREMISES; ADVANCE PAYMENTS

The City hereby leases to Lessee and Lessee leases from the City the Premises described in Exhibits A and A-1, on the terms and conditions set forth in this Lease. Upon City Council approval of this Lease, Lessee shall deposit with the City the sum of $_____ representing the first three month's Base Rent as defined in Article IV, paragraph B ("Advance Rent Deposit"); and the City shall credit such amount against Lessee's Base Rent obligation for the first threes months that Base Rent becomes payable hereunder. The Advance Rent Deposits shall be deemed earned by Lessor and non-refundable. Lessee acknowledges that its possession, development and use of the Premises shall be subject to the continued presence of an existing City water line serving adjacent property.

ARTICLE III. TERM; EXTENSION OPTIONS

The term of this Lease shall be for 25 years, commencing on the Effective Date and continuing through the day immediately preceding the 25th anniversary of the Effective Date, unless earlier terminated under the Lease provisions. Notwithstanding any thing in this Lease to the contrary, if Lessee is unable to secure a financing commitment acceptable to Lessee for construction of the Improvements within ninety (90) days following City Council approval of this Lease, Lessee shall have the right to terminate this Lease by providing written notice to Lessor within fifteen (15) days following the end of such ninety (90) day period. The Lessee may request to extend, but the Lessor shall not be obligated to approve to extend, the term of this Lease for two (3) additional five (5) year terms by giving the City written notice of each said extension no more than 300 days and at least 180 days prior to the date the Lease would otherwise terminate. The ground rent for any extended term shall be established at that time using the then prevailing rate for bare ground leases at Prescott Airport as may be agreed among the parties, or if the

parties cannot agree, as set by an MAI appraiser retained by the parties, with the cost of such appraisal to be shared equally by the parties. However, the ground rent for any extended term shall not be less than the rate in effect 180 days prior to the date the Lease would otherwise terminate.

ARTICLE IV. RENTALS AND PAYMENTS

Lessee shall pay to Lessor rent, in equal monthly installments, on the 1st business day of each month during the term hereof, as follows:

A. Construction Period Rent. - The initial rent for the Premises shall be $_____.00 per month during construction of the Phase 1 improvements until the first day of the month following (a) the date of issuance of a certificate of occupancy for the Phase 1 Improvements or (b) the 48th month following the Effective Date of this Lease, whichever comes first.

B. Aggregate Base Rent. On the first day of the 48th month following the Effective Date of this Lease, the aggregate base rent for Premises shall be _____ per square foot per year expressed in thousandths of cents per square foot per year multiplied by the combined square footage, as shown on the Exhibit A, divided by 12 ("Base Rent") equaling _____ per month.

C. CPI Adjustments. On the first day of July following the 5th anniversary of the Effective Date of this lease and annually thereafter, the monthly rent payable by the Lessee shall be increased to an amount determined by multiplying the Base Rent described in paragraph B. above by a percentage equal to 100% plus the percentage increase between (1) the Consumer Price Index level most recently published prior to the Effective Date of this lease and (2) the Consumer Price Index level most recently published prior to the particular anniversary date; provided however that the rent shall not be less than the rent for the month immediately preceding such anniversary. As used herein, the term "Consumer Price Index" shall mean Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84=100, not seasonally adjusted, or the successor of that Index, as published by the Bureau of Labor Statistics, U.S. Department of Labor. Should Lessor lack sufficient data to make the proper determination on the date of any adjustment, Lessee shall continue to pay the monthly rent payable immediately prior to the adjustment date. As soon as Lessor obtains the necessary data, Lessor shall determine the rent payable from and after such adjustment date and shall notify Lessee of the adjustment in writing; provided, however, that no annual adjustment shall be less than 3% or greater than 9%. Should the monthly rent for the period following the adjustment date exceed the amount previously paid by Lessee for that period, Lessee shall forthwith pay the difference to Lessor. Should the Consumer Price Index, as above described cease to be published, a reasonably comparable successor index shall be selected by Lessor.

D. Due Date and Place of Payment. Each monthly rental payment is due on the first City business day of each month without notice or billing from the City and shall be delivered to the City's Finance Department, P.O. Box 2059, Prescott, Arizona, or personally to the department at 201 S. Cortez Street, Prescott, Arizona, unless another address as specified by the City in writing.

E. Penalties for Delinquency. Any monthly rental payment not paid by the fifteenth (15) day of the month due is delinquent and shall include an additional monetary amount, as a penalty, equal to ten percent (10%) of the monthly rental due for that month. Additionally, all rental payments which are past due more than thirty (30) days shall accrue interest at the rate of one and one-half percent (1.5%) per month on the overdue amount.

ARTICLE V. USE OF PREMISES AND AIRPORT

A. Permitted Uses. Lessee shall use the Premises solely for the purpose of conducting those aviation related operations as set forth in Exhibit B, attached hereto and made a part hereof. Lessee shall operate and manage the Premises according to Federal, State, and Local Codes, Laws, Ordinances, the Airport Rules and Regulations, and Minimum Development Standards as they may exist or be amended from time to time. If there is a conflict between this Lease and the Airport Rules, this Lease shall govern. Lessee shall also comply with any future amendments to the City Code and Airport Rules and Regulations that are not in conflict with this Lease. Lessee must comply with all applicable federal, state and local regulations, including but not limited to the Storm Water Pollution Prevention Plan.

B. Permitted Users. Only Lessee and its tenants operating under Approved Lease Forms, and their respective agents, employees, guests and subcontractors shall occupy or operate from the Premises.

C. Unpaved Areas. None of the authorized uses shall be permitted in any area of the Premises that have not been improved with paving, without the prior written consent of Airport Manager.

D. Unrestricted Access to Airport Facilities. Lessee and its tenants are granted the non-exclusive use of all portions of the Airport that are open for use by the public, including taxiway, runways, aprons, navigational aids and facilities relating thereto for the purpose of landings, takeoffs and taxiing of aircraft, on the same terms and conditions as are applicable to the public.

E. Security. Lessee shall be solely responsible for providing security to protect the Premises against criminal acts and Lessee shall make no claim or bring any action against the City for any loss, damage, or injury to persons or property arising from any criminal act committed on the Premises. Lessee shall design and construct at Lessee's expense, all gates, fences or barriers on the Premises that Lessee determines is required to prevent unauthorized access to the Premises. Lessee shall design, construct and maintain fences, barriers or gates on the Premises so as to preclude unauthorized, casual, or inadvertent entry by persons or vehicles onto the Air Operations Area, an aircraft parking apron, or taxiway, according to plans approved in advance by the Airport Manager. The City may at its cost construct and maintain any fences, gates, walls or barriers on the Premises as may be required for compliance with Federal security regulations in a manner designed, in the Airport Manager's judgment, to prevent unauthorized access to the Air Operations Area, taxiway and runways.

ARTICLE VI. IMPROVEMENTS TO PREMISES

A. Approval of Improvements.

1. By approving this Lease, the City Council has approved the Initial Improvements (if any) on the Premises, as described in Exhibit C subject to compliance with this Lease and any and all applicable codes, ordinances, rules, regulations, and laws. Such improvements shall not be less than $2 million in value.

2. The plans for the Improvements shall be kept on file with the Airport Manager. Lessee shall not make any changes to the proposed and approved Improvements on the Premises unless and until the Airport Manager has approved said changes.

3. The City's ordinances and codes applicable to the construction of buildings and structures within the City shall apply to any Improvements made by Lessee on the Premises, including the requirements to apply for permits, pay fees, and receive permits prior to beginning construction of any Improvement. All Improvements shall be constructed in strict compliance with the plans for the Improvements as approved by the Airport Manager and the provisions of this Lease. Lessee shall construct

Improvements in a manner as not to interfere with the normal operation and use of the Airport by others. Lessee shall file with the Airport Manager, a complete set of as-built drawings and documents showing the actual construction costs of the Improvement, within thirty (30) days of completion of any Improvement.

B. Initial Improvements by Lessee (if any).

1. Within two hundred seventy (270) days following the Effective Date, Lessee shall submit a proposed construction schedule and estimated cost for the Initial Improvements (if any) to the Airport Manager, which schedule is subject to the approval of the Airport Manager; provided that it shall be deemed approved so long as it reasonably contemplates completion of the Initial Improvements by the end of the 48th month following the Effective Date of this Lease and the cost of estimated cost of such improvements is not less than $2 million. Lessee shall make proper application for construction permits for the Initial Improvements to the City's building official within thirty (30) days of the Airport Manager's approval of the construction schedule. Lessee or Lessee's contractor shall commence construction of the Initial Improvements no later than thirty days following the issuance of the construction permits and diligently pursue construction to completion.

2. If for any reason, Lessee fails to complete construction of the Initial Improvements within 48 months following the Effective Date, the City may terminate this Lease by giving the other party written notice of termination thirty (30) days in advance of the termination date.

C. Connection to Taxiways. **NOT APPLICABLE**

ARTICLE VII. MAINTENANCE

A. Lessee Maintenance Obligations. Lessee shall, to the satisfaction of the Airport Manager, keep and maintain the Premises and all Improvements on the Premises in good condition and repair and in a safe, clean and sanitary condition. Lessee shall provide containers on the Premises for trash, garbage and waste. The Airport Manager may issue and Lessee shall comply with any written directive regarding the type, location, and screening of trash containers maintained by Lessee outside any building.

B. Lessor Self Help. If Lessee fails to make repairs to any Improvement, correct any unsafe or unsanitary condition, or remove any litter or waste as required by this Article, the City may give Lessee written notice of the defect. If Lessee fails to correct the condition within thirty (30) days of the City's written notice, the City may enter upon the Premises and correct the condition and Lessee shall pay the cost thereof, (including, the cost of labor, material, and equipment) within ten (10) days of receipt of statement from the City.

C. City Protective Improvements. The City may, at its sole option, do any filling, grading, slope protection, retaining wall construction or replace or repair any City-owned or City-constructed facilities within or without the Premises in order to protect the Premises or any part of the Airport.

ARTICLE VIII. INSURANCE

A. Minimum Lessee Insurance Requirements. Lessee shall obtain and maintain during this Lease, at Lessee's expense, the following minimum insurance. The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. All insurance policies cited herein shall not contain any restrictions of coverage with regard to operations on or near airport premises. All insurance policies cited

herein shall contain a waiver of subrogation rights endorsement with respect to the City. Insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.

1. Commercial General Liability Insurance against claims for bodily injury, death, and property damage occurring on, in or about the Premises, related to or arising out of Lessee's activities, in an amount not less than $2,000,000 aggregate. The policy must be written on an "occurrence basis" The policy shall be endorsed to include the following additional insured language: "The City of Prescott shall be named as an additional insured with respect to liability arising out of the activities on Lessee's premises, using form CG2010 (10/01) or equivalent.

2. Fire and Extended Coverage to protect against loss or damage to any Improvements located on the Premises resulting from fire, lightning, vandalism, malicious mischief and such perils ordinarily defined as "extended coverage". The insurance shall be maintained in an amount of not less than 100% of the full replacement value of all Improvements constructed on the Premises, subject to a deductible clause not to exceed ten thousand dollars ($10,000.00). The proceeds paid to Lessee from any loss under this policy(s) shall be used to replace or repair any loss or damage to the premises. The City Of Prescott shall be named as a loss payee on property coverage.

3. Automobile – Commercial/business automobile liability insurance for all owned, non-owned, leased, and hired vehicles assigned to or used in performance of commercial aeronautical activities in the amount of at least $1,000,000 per occurrence.

4. Worker's Compensation – Statutory as required by law and Employer's Liability in the amount of $100,000 per accident, $100,000 disease per person, $500,000 disease policy limit.

B. Annual Delivery of Certificates. Lessee shall furnish to the Airport Manager prior to occupancy of the Premises and annually during the term of this Lease, certificates of insurance showing that the insurance requirements of this Lease have been met and that the City is named as an additional insured under the required Commercial General Liability policy. New Certificates of Insurance shall be resubmitted to the City whenever changes or revisions occur. Each policy of insurance shall contain the following clause:

> It is agreed that this policy shall not be canceled nor the coverage reduced until thirty (30) days after the City's Airport Manager has received written notice of the cancellation or reduction.

C. Modification Of Coverage Requirements. The City shall have the right from time-to-time to require Lessee to obtain increases in insurance coverage if the City determines that increases are necessary to provide adequate protection to Lessee or the City, but only to the extent that the increased coverage are in amounts that are commonly required by other airports for operations similar to those performed by Lessee.

D. Self Help By City. Should Lessee fail to obtain or keep the required insurance in effect during this Lease, the City may purchase the required insurance and Lessee shall reimburse the City for the cost thereof within ten (10) days of the City sending an itemized statement showing the cost incurred.

ARTICLE IX. TAXES, ASSESSMENTS AND FEES

Lessee shall pay, before they become delinquent, all taxes, assessments and fees assessed or levied upon Lessee, Lessee's property or the Premises by any government entity or political subdivision, including, without limitation, the following:

A. Sales & Privilege Taxes. Lessee shall pay any taxes measured by the gross rental receipts (rental taxes) which Lessor is required to collect or pay by reason of the amounts paid by Lessee to Lessor under this lease, as determined by any taxes imposed by the City of Prescott, County of Yavapai, or the State of Arizona.

B. Real Property Taxes. Lessee, in addition to the rent provided for herein, shall pay or reimburse Lessor for all ad valorum real property taxes and assessments upon the Premises and the Improvements, which are assessed during the lease term.

C. Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment, and all other personal property of Lessee contained in the Premises or elsewhere, and when possible, Lessee shall cause such property to be assessed and billed separately from the real property of Lessor.

Notwithstanding the above, Lessee shall not be responsible for, or have any personal liability to the Lessor for the payment (or a tenant's non-payment) of (1) taxes and assessments levied upon the personal property or fixtures of any tenant within the Premises, (2) the payment of any Airport related fees or charges assessed against any tenant in the Premises with respect to such tenant's use of the Airport facilities, and (3) commercial use fees assessed by the City , which the City hereby agrees shall be assessed directly against tenants on the Premises and not Lessor.

ARTICLE X. UTILITIES

A. Lessee Responsible. Lessee shall pay for and maintain all telephone, electric, cable television, gas and other utilities necessary to its use and enjoyment of the Premises. Lessee shall install and maintain water supply systems and sanitary sewer facilities to serve the Premises as approved by the City in accordance with this Lease.

B. City's Right To Connect. The City shall have the right, without charge by Lessee, to connect to water, sewer, power, gas and communication lines or equipment as are now or later installed upon the Premises and shall have the right of access to construct and maintain such connections. Lessee, however, will not be liable for any additional service fees or charges imposed by the utility provider as a result of such connection, nor will Lessee be required to contribute to the cost of upgrading any utility installations required in order to accommodate additional development within the vicinity of the Premises or the Airport generally.

ARTICLE XI. DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS

A. General Obligation to Repair or Rebuild. The damage or destruction of Improvements on the Premises shall not terminate this Lease. Within ninety (90) days of the damage or destruction, Lessee shall commence and diligently pursue to complete the repair, replacement, or reconstruction of Improvements necessary to permit full use and occupancy of the Premises for the purposes permitted by this Lease. Notwithstanding the foregoing, upon any material damage to or destruction of the Improvements (effectively rendering the Improvements untenantable) occurring within the last 48 months of the initial term of this Lease or any renewal term, Lessee may elect not to reconstruct the Improvements, but rather may (1) assign to Lessor the rights to all insurance proceeds available to reconstruct the Improvements and (2) thereupon vacate and surrender the Premises to Lessor whereupon this Lease will be deemed terminated.

B. Lessor Approval of New Plans. If Lessee wishes to repair or reconstruct the damaged or destroyed Improvements so that the repaired or rebuilt Improvements would not comply with the plans previously approved by the City for the Improvements, Lessee shall submit the revised plans to the City and comply with the requirements of this Lease that apply to the approval of plans for new Improvements

ARTICLE XII. ASSIGNING, SUBLETTING AND ENCUMBERING

A. Space Leases. Lessee may enter into a sublease with a Qualified Tenant for a portion of the Premises (hangar and/or office space) for activities allowed under this Lease using the Approved Lease Form in effect at the time of execution of such sublease ("Space Lease"). Prior to entering into any Space Lease, Lessee shall submit to the Airport Manager a notice which sets forth the identity of the proposed tenant and the natural persons (if the proposed tenant is not a natural person) who own and control such proposed tenant, together with such reasonable background information with respect to such parties as Lessor may from time to time require ("Notice of Intent to Sublease"). Unless and until modified by Lessor, the Notice of Intent to Sublease shall be in the form, and contain the information required in **Exhibit "E"** attached hereto. The Airport Manager shall have ten (10) business days within which to provide Lessee written notice of any objection that Lessor has to the identity or background of the proposed tenant or any of its principals, together with an explanation of the basis for Lessor's concern with such proposed tenant, and either (i) an outright rejection of Lessee's right to complete a sublease with such proposed tenant, or (ii) a statement of requirements that must be met with respect to the proposed tenant before a Space Lease can be entered into ("Objection Notice"). If the Airport Manager fails to issue such an Objection Notice with respect to any proposed tenant within the afore-described ten (10) business day period, then Lessor shall be deemed to have approved the proposed tenant, and Lessee shall be entitled to consummate the proposed Space Lease using the then applicable Approved Lease Form. With respect to each Space Lease created by Lessee, Lessor and Lessee agree as follows:

1. Each Space Lease shall be subject and subordinate to this Lease and the rights of Lessor hereunder, and the rights of a Permitted Encumbrance as provided for in this Lease;

2. Any act or omission by a tenant which constitutes a violation of any term of this Lease shall be deemed a violation of such provision by Lessee, it being the intention and meaning of the parties that Lessee shall assume and be liable to Lessor for any and all acts and omissions of any and all tenants that constitute violations of this Lease.

3. Lessee will provide to Lessor a copy of each Space Lease following execution of the same.

B. Other Leases. With the exception of Space Leases completed in accordance with paragraph A. above, Lessee may not enter into any lease or sublease all or any portion of the Premises without the Lessor's prior written approval. In the event Lessor consents to any such other lease or sublease, the provisions of paragraph A., parts 1 through 3 above shall apply to the same.

C. Encumbrances Approved by the City. Any proposed Encumbrance, or any Sublease (other than a Space Lease) of the Premises by Lessee must be first approved in writing by the Airport Manager. Any encumbrance or Sublease not approved by the City shall be void and any occupancy of the Premises by any person acting under such an Encumbrance or Sublease before City approval shall be a breach of this Lease. Any document used to encumber or Sublease the Premises shall incorporate the provisions of this Lease. The City may withhold consent to an Encumbrance or Sublease for any of the following reasons:

1. Lessee is in default of this Lease, whether or not notice of default has been given by the City.

2. The prospective Encumbrancer or Sublessee has not agreed in writing to be bound by this Lease.

3. The terms of the Encumbrance or Sublease have not been revealed in writing to the City.

4. Construction of any Improvements previously undertaken by Lessee have not been completed to the satisfaction of the City.

5. A processing fee of $200 for approval of an Encumbrance or Sublease has not been paid to the Lessor by Lessee.

D. Permitted Encumbrance for Financing Improvements. An Encumbrance to finance construction of Improvements, including the Initial Improvements, shall be permitted subject to the following terms and conditions ("Permitted Encumbrance"):

1. Permitted Encumbrance--Conditions Of. Tenant from time to time during the term of this Lease may make one or more Permitted Encumbrances, provided that.

   (a) Each Permitted Encumbrance shall cover no interests in any real property other than Tenant's interest in the Premises, the Improvements and the Space Leases;
   (b) The holder of such Permitted Encumbrance ("Mortgagee") shall promptly deliver to Lessor in the manner herein provided for the giving of notice to Lessor, a true copy of the Permitted Encumbrance(s) and of any assignment thereof, and shall notify Lessor of the address of the Mortgagee(s) to which notices may be sent;
   (c) Permitted Encumbrance shall contain provisions permitting the disposition and application of the insurance proceeds and condemnation awards in the manner provided in this Lease.

2. Effect of Permitted Encumbrance. For the purpose of this Section the making of a Permitted Encumbrance shall not be deemed to constitute an assignment or transfer of this Lease, nor shall any Mortgagee, as such, be deemed an assignee or transferee of this Lease or of the leasehold estate hereby created so as to require such Mortgagee, as such, to assume the performance of any of the terms, covenants, or conditions on the part of Lessee to be performed hereunder; but the purchaser at any sale of this Lease in any proceedings for the foreclosure of any Permitted Encumbrance, or the assignee or transferee of this Lease under any instrument of assignment or transfer in lieu of the foreclosure of any Permitted Encumbrance, shall be deemed to be an assignee or transferee within the meaning of this Section and shall be deemed to have assumed the performance of all of the terms, covenants, and conditions on the part of Lessee to be performed hereunder from and after the date of such purchase and assignment.

3. Notice to Mortgagees. So long as any Mortgage shall remain a lien on Lessee's leasehold estate hereunder, Lessor agrees, simultaneously with the giving of any notice to Lessee (i) of default, or (ii) of a termination hereof, or (iii) of a matter on which a default may be predicated or claimed, or (iv) of a condition which if continued may lead to a termination hereof, to give duplicate copies thereof or of any process in any action or proceeding brought to terminate or otherwise in any way affect this Lease, to Mortgagee, and no such notice to Lessee or process shall be effective unless a copy of such notice is given Mortgagee in the manner herein provided for. Mortgagee will have the same period after receipt of the notice aforesaid to it for remedying the default or causing the same to be remedied as is given Lessee after notice to it plus twenty (20) days thereafter, and Lessor agrees to accept such performance, on the part of the Mortgagee as though the same had been done or performed by Tenant.

4. Mortgagee Cures. Lessor will take no action to effect a termination of this Lease by reason of any default without first giving to Mortgagee reasonable time within which either (i) to obtain possession of the Premises (including possession by a receiver) and thereafter to cure such default if the default be one which can be cured with the exercise of reasonable diligence by Mortgagee, or (ii) to institute foreclosure proceedings and to complete such foreclosure, or otherwise to acquire Lessee's interest under this Lease with diligence and without unreasonable delay in the case of a default which cannot be cured with the exercise of reasonable diligence by the Mortgagee. In either such case, the default of which notice shall have been given shall be deemed cured. The Mortgagee shall not be required to continue such foreclosure proceedings if the default shall be cured by Lessee; provided, further, that nothing herein shall preclude Lessor from exercising any rights or remedies under this Lease with respect to any other default by Lessee during any period of such forbearance.

5. Conditions of Cure. The provisions of the preceding paragraph and this paragraph are conditioned on the following: The Mortgagee shall, within thirty (30) days after notice of such default:

   (a) Notify Lessor of its election to proceed with due diligence promptly to acquire possession of the Premises or to foreclose the Permitted Encumbrance or Premises or otherwise to extinguish Lessee's interest in this Lease; and

   (b) Deliver to Lessor an instrument in writing duly executed and acknowledged wherein such Mortgagee agrees that:

      (1) During the period that Mortgagee shall be in possession of the Premises and so long as it remains in possession and/or during the pendency of any such foreclosure or other proceedings and until the interest of Lessee in this Lease shall terminate or such proceeding shall be discontinued, it will pay or cause to be paid to Lessor all sums from time to time becoming due hereunder for Base Rent; and

      (2) If delivery of possession of the Premises shall be made to such Mortgagee, whether voluntarily or pursuant to any foreclosure or other proceedings or otherwise, such Mortgagee shall, promptly following such delivery of possession, perform all the covenants and agreements herein contained on Lessee"s part to be performed (including but not limited to payment of net rent) to the extent that Lessee shall have failed to perform the same to the date of delivery of possession, as aforesaid, except such covenants and agreements which cannot with the exercise of due diligence be performed by such Mortgagee. Nothing in this (2) shall be construed to require such Mortgagee to perform any of the Lessee's obligations hereunder accruing after such Mortgagee ceases to be in possession.

6. Mortgagee Consent. This Lease shall not be modified or surrendered to Lessor or cancelled by Lessee, nor shall Lessor accept a surrender of this Lease without the prior written consent of Mortgagee, nor shall any merger result from the acquisition by, or devolution upon, any one entity of the fee and leasehold estates in the Premises.

7. Lessor Option To Purchase Mortgagee's Interest. Before exercising the power of sale or instituting foreclosure proceedings under the Permitted Encumbrance, Mortgagee shall first offer to the City and the City shall have the right to purchase all right, title, and interest in all property encumbered by the Permitted Encumbrance directly from trustee, and without public sale, for the then outstanding balance due on the note or notes secured by the Permitted Encumbrance, plus trustee's fees and costs of sale.

The offer to the City shall be made no later than ten (10) days following the filing of Notice of Default, and the City may exercise the option to purchase within three (3) months following the filing.

E. Assignees Bound. Every assignee, whether as assignee or as successor in interest of any assignee of Lessee herein named or as assignee of the holder of any Permitted Encumbrance, or as successor in interest of any assignee, including any purchaser of under a foreclosure of any Permitted Encumbrance, shall immediately be and become and remain liable for the payment of all rent coming due hereunder, and for the due performance of all the covenants, agreements, terms, and provisions hereof on Lessee's part to be performed to the end of the term hereof, and every provision of this Lease applicable to Lessee shall apply to and bind every such assignee and purchaser with the same force and effect as though such assignee or purchaser were the Lessee named in this Lease. No transfer to such assignee or to such purchaser shall be binding upon Lessor unless such assignee or purchaser shall deliver to the Lessor a recordable instrument which contains a covenant of assumption by said assignee or purchaser to such effect, but the failure or refusal of such assignee or purchaser to deliver such instrument shall not release or discharge such assignee or purchaser from its obligations and liability as above set forth. Subsequent to the completion of the Initial Improvements and the discharge of all obligations in connection therewith, upon any assignment of this Lease, and the delivery of the instruments above referred to, the assignee shall be released from the performance of all of the obligations on the part of Tenant thereafter to be performed hereunder, except any obligation to hold and apply insurance or other monies held by assignor on the date of the assignment and any unperformed obligations which shall have matured prior to such assignment.

F. Limitation on Third Party Transfers for Value. If Lessee sells, assigns, conveys or otherwise transfers for value to a third party more than fifty percent (50%) of its interest in this Lease, or sells, assigns, conveys or otherwise transfers to a third party for value more than fifty percent (50%) of its business to another entity, then a conveyance fee equal to five percent (5%) of the sales price for the transferred interest shall be paid to the City, provided, however, that in no event shall this conveyance fee be less than $10,000.00. The applicability of such conveyance fee is intended to be limited to third party transactions. It and shall not apply where Lessee (or the members of Lessee) are conveying interests in the Lease (or in Lessee) to family members or trusts or other vehicles in which family members hold beneficial interests, whether such conveyances occur as part of estate or family planning activities or as a result of the death of one or more of the members of Lessee.

ARTICLE XIII. DEFAULT BY LESSEE

A. Lessee Default. Should Lessee default in the performance of this Lease, the City shall give written notice to Lessee and any Mortgagee holding an interest under a Permitted Encumbrance, of the default and what must be done to correct the default and the period of time in which Lessor has to cure such default. If the default is monetary in nature, the cure period shall be no less than 10 business days. If the default is non-monetary in nature, the cure period shall be no less than thirty days; provided that if at the end of any applicable cure period, Lessee is diligently pursuing a cure of the default, then such period shall be extended up to an additional 60 days provided that Lessee continues to diligently pursue such cure. If the default as noticed by the City is not corrected within the applicable cure period, the City may declare this Lease terminated. In the event of any such termination, Lessor and/or its designee shall have the right to re-enter the premises and remove there from all persons and personal property of the Lessee and may pursue any other remedy provided for herein or under applicable law, or Lessor may treat this Lease as continuing and take, have, and recover any damages it may have sustained or continue to sustain by reason of such continuing breach. All rights of Lessee and those who claim under or through Lessee shall expire and be of no further force and effect at time of any such termination; subject, however, to the continuing rights under Article XII, if any, of a Mortgagee holding a Permitted Encumbrance. If any Lessee default noticed by Lessor hereunder relates to any act or omission of a tenant under a Space Lease (including, without

limitation, any act or omission described in Article XIX), Lessee's termination of the rights of the defaulting tenant under its Space Lease shall be deemed to be an effective cure of such default under this Lease, so long as such termination results in or is accompanied by a cure of the condition giving rise to the default.

B. Quitclaim Upon Termination. Upon termination of this Lease for any reason, Lessee shall execute, acknowledge and deliver to the City within thirty (30) days after receipt of written demand therefor, a good and sufficient document whereby all title and interest of Lessee in the Premises is quitclaimed to City.

ARTICLE XIV. TERMINATION OF LEASE BY THE CITY

A. If the City should need the Premises during the term of this Lease for future expansion or operation of the Airport, the City may terminate this Lease by giving Lessee one-hundred-eighty (180) days prior written notice. Within thirty (30) days following the giving of such notice, Lessee and Lessor shall each identify an appraiser to conduct appraisals of the Lessee's interest in the Property. The cost of both appraisals shall be paid by the Lessor. Each appraiser shall be instructed to independently arrive at the fair market value of the Lessee's interest in the Property (the leasehold interest under this lease and the Improvements) taking into account the income producing capacity of the Property as a whole during the remaining term of the lease and any remaining extension periods. The mathematical average of the valuations arrived at by the two appraisers shall be the "Buy Out Price".

B. Upon the Effective Date of the termination, Lessor shall pay to or for the benefit of Lessee and any Mortgagee, in cash, the greater of (1) the Buy Out Price, or (2) the outstanding balance secured by the Permitted Encumbrance, whereupon all Improvements shall become the sole property of the City.

ARTICLE XV. TERMINATION BY LESSEE

If during the initial term of this Lease the City should, in the opinion of the F.A.A., fail to maintain the landing areas in a safe condition for aircraft operations, or any ordinance or law should become effective, the terms of which so restrict the uses to which the Premises may be put, such that Lessee is unable to continue the use and occupation of the Premises substantially in the manner as allowed by this Lease, Lessee may terminate this Lease by giving the City sixty (60) days prior notice of termination. Upon the effective date of termination Lessor shall pay to or for the benefit of Lessee and any Mortgagee the greater of (1) the construction cost of all Improvements divided by the number of years in the initial lease term and then multiplied by the number of whole years remaining under the lease, or (2) the then outstanding balance due under all Encumbrances approved by the City for the construction of Improvements. Upon making such payment all Improvements shall become the property of Lessee.

ARTICLE XVI. DISPOSITION OF IMPROVEMENTS

A. Ownership of Improvements. All Improvements installed by Lessee shall be and remain the property of Lessee during the term of this Lease. Upon the expiration or termination of this Lease, the Improvements shall become the property of the City.

B. Disposition of Improvements Upon Termination. Upon termination or expiration of this Lease, Lessee shall not be required to remove from the Premises any Improvements that had been approved by Lessor at the time of their construction or installation.

ARTICLE XVII. EMINENT DOMAIN

A. General. If all of the Premises is condemned by a public entity in the lawful exercise of the power of eminent domain, this Lease shall terminate upon the date possession is taken by the public entity. If only a part is condemned and the taking of that part does not substantially impair the capacity of the remainder to be used for the purposes allowed by this Lease, Lessee shall continue to be bound by the terms, covenants and conditions of this Lease, except, the monthly rental shall be reduced in proportion to the relationship that the compensation paid by the public entity for the portion of the Premises condemned bears to the value of the whole of the Premises as of the date possession of the part is taken by the public entity. If only a part is condemned and the taking of the part substantially impairs the capacity of the remainder to be used for the purposes allowed by this Lease, Lessee shall have the option to:

1. Terminate this Lease and be absolved of all obligations hereunder which have not accrued at the date possession is taken by the public entity; or

2. Continue to occupy the remainder of the Premises and remain bound by the terms, covenants and conditions of this Lease. If Lessee elects to continue to occupy the remainder, the monthly rental shall be reduced in proportion to the relationship that the compensation paid by the public entity for the portion of the Premises condemned bears to the value of the whole of the Premises as of the date possession of the part is taken by the public entity.

Lessee shall give notice in writing of its choice of remedies hereunder within thirty (30) days of the date possession of the part is taken by the public entity. If Lessor and Lessee can not agree as to whether a partial taking substantially impairs the capacity of the remainder to be used for the purposes allowed by this Lease, then they shall submit the issue to mediation in accordance with Article XXII.

B. Division of Award. If the order or decree in any condemnation or similar proceeding shall fail separately to state the amount to be awarded to the Lessor and the amount to be awarded to the Lessee under the provisions of this Article XVII, by way of compensation, damages, rent, the cost of demolition, removal or restoration or otherwise, and if the Lessor and the Lessee cannot agree thereon within thirty (30) days after the final award or awards shall have been fixed and determined, such dispute shall be determined in accordance with Article XXII hereof.

C. Rights of Participation. Each party shall have the right, at its own expense, to appear in any condemnation proceeding and to participate in any and all hearings, trials, and appeals therein. In addition, Lessor agrees to cooperate fully with Lessee to prevent any condemnation or eminent domain proceeding to be instituted or otherwise successfully prosecuted.

D. Notice of Proceeding. In the event Lessor or Lessee shall receive notice of any proposed or pending condemnation proceedings affecting the Premises, the party receiving such notice shall promptly notify the other party of the receipt and contents thereof.

ARTICLE XVIII. RESERVATIONS TO THE CITY

A. Reservation for Utility Installations. The Premises are accepted by Lessee subject to any and all existing easements and encumbrances on the Premises. The City may, at no cost to Lessee, install, lay, construct, maintain, repair and operate water, oil, gas, sanitary sewer, storm water, telephone, communication lines, conduits, and equipment and appurtenances in, over, across and along the Premises so long as it promptly repairs any damage or disturbance to the Premises or the Improvements caused in exercising such rights. No right reserved by the City in this Article shall be so exercised as to interfere unreasonable with Lessee's operations hereunder or impair the security of the Mortgagee. The City agrees that rights granted to third parties shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The City further agrees that should

the exercise of these rights temporarily interfere with the use of any or all of the Premises by Lessee, the rental shall be reduced in proportion to the interference with Lessee's use of the Premises.

B. General Inspection Right. The City reserves the right for the Airport Manager or his/her designee, and upon presentation of identification confirming that person's employment with the City, to have access to, enter, and be upon the Premises with or without notice at all times to perform the duties of and related to airport operations and maintenance. The City further reserves the right for the Airport Manager or his/her designee to enter the premises during normal business hours and conduct inspections of the entire premises for compliance with the provisions of this Lease. At least 24 hours prior written notice shall be given by the City with respect to each exercise of this right.

ARTICLE XIX. FEDERAL AVIATION ADMINISTRATION REQUIREMENTS

If there is any conflict between the provision in this Article and the other provisions in this Lease, the provisions in this Article shall take precedence.

A. Lessee for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Premises for a purpose for which a United States Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

B. Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Lessee 's facilities; (2) that in the construction of any Improvements on, over, or under such Premises and the furnishing of services thereon, no person on the ground of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination; (3) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

C. In the event of Lessee's breach of any of the above nondiscrimination covenants, the City shall have the right to terminate this Lease and to re-enter and re-possess such land and the facilities thereon and hold the same as if this Lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

D. Lessee shall furnish its accommodations and services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED, THAT Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

E. Non-compliance with Provision "D" above shall constitute a material breach thereof and, in the event of such non-compliance, the City shall have the right to terminate this Lease and

the estate hereby created without liability therefore, or at the election of the City or the United States either or both said Governments shall have the right to judicially enforce said Provisions.

F. Lessee agrees that it shall insert the above five (5) Provisions in any sublease, contract or agreement by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the Premises herein leased.

G. Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

H. The City reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee without interference or hindrance.

I. The City reserves the right but shall not be obligated to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

J. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between the City and the United States, relative to the development, operation or maintenance of the Airport.

K. There is hereby reserved to the City, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises herein leased. This public right of flight shall include the Premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Airport.

L. Lessee agrees to be responsible for and comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased Premises.

M. Lessee, by accepting this, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land leased hereunder which conflicts with any portion of Part 77 of the Federal Aviation Regulations. In the event the aforesaid covenants are breached, the City reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee.

N. Lessee, by accepting this Lease, agrees for itself, its successors and assigns that it will not make use of the leased Premises in any manner which might interfere with the taxiing, landing, and taking off of aircraft from said Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the City reserves the right to enter upon the Premises hereby leased and cause the abatement of such interference at the expense of Lessee.

O. Nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

P. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said Airport or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

Q. The Lessee will conform to airport, Federal Aviation Administration, and Transportation Security Administration safety and security rules and regulations regarding the use of the airport including but not limited to use of the airport operations areas, runways, taxiways, aircraft aprons by vehicles, employees, customers, visitors, etc. in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; will complete and pass airfield safe driving instruction program when offered and/or required by the airport: and will be subject to penalties as prescribed by the airport for violation of the airport safety and security requirements.

ARTICLE XX. HAZARDOUS MATERIALS

A. Definitions.

(1) *Hazardous Materials Laws* means any Federal, State or local law, ordinance, rule, order, regulation or court decision relating to Hazardous Materials.

(2) *Hazardous Materials* means any substance or other material that:
(a) is defined as a hazardous substance, hazardous material, hazardous waste or toxic substance under any Hazardous Materials Law or is a flammable or explosive material (including gasoline, diesel, aviation fuels, lubricating oils, and solvents), asbestos, radioactive material, nuclear medicine material, drug, vaccine, bacterial, virus, or injurious or potentially injurious matter; or
(b) is controlled or governed by any Hazardous Materials Law.

B. Hazardous Material Handling, Spills, and Cleanup. Lessee shall comply with any Material Hazardous Law in the storage, distribution, processing, handling or disposal of any Hazardous Materials. If during the term of the Lease any Hazardous Material spills, leaks, or is discharged on or from the Premises, Lessee shall immediately make all repairs necessary to prevent further spills, leaks or discharges and shall immediately clean up the spill, remove any contaminated soil and promptly dispose of the spilled Hazardous Material and soil in the manner prescribed by Hazardous Materials Laws. If Lessee fails to immediately clean up the spill or properly dispose of any contaminated soil the City may, upon twenty-four (24) hours written notice to Lessee, take whatever action is necessary to clean up the spill and dispose of any contaminated soil. Lessee shall reimburse the City for the cost of all such work by the City within thirty (30) days from receipt of a bill from the City. Notwithstanding the foregoing, as between Lessee and Lessor, Lessee shall not be responsible for the cost of handling, removing and disposal of (a) any Hazardous Material which is determined to have been present on or below the Premises at the inception of this Lease, and (b) any material (whether or not a Hazardous Material) deposited on the Premises by any person exercising rights under the public right of flight reserved by the City under Article XIX, paragraph K. of this Lease.

C. Termination. Upon termination of this Lease, Lessee shall, at Lessee's cost, remove any equipment utilized in connection with any Hazardous Materials and shall clean up, detoxify, repair and otherwise restore the Premises to a condition free of Hazardous Materials, to the extent such condition is caused by Lessee or any assignee or sublessee of Lessee or their respective agents, contractors, employees, licensee or invitees.

D. Default. The release or discharge of any Hazardous Materials or violation of any Hazardous Materials Law by Lessee or any assignee or sublessee of Lessee shall be a material default by Lessee under the Lease, subject to the notice and cure provisions of Article XIII. In addition to or in lieu of the remedies available under the Lease as a result of such default, the City shall have the right, without terminating the Lease, to require Lessee to suspend its operations and activities on the Premises until the City is satisfied that appropriate remedial work has been or is being adequately performed. The City's election to suspend Lessee's operations shall not constitute a waiver of the City's right thereafter to declare a default and pursue other remedies set forth in the Lease.

ARTICLE XXI. DEFAULT BY LESSOR

In the event of any breach by Lessor of any of the covenants, agreements, terms, or conditions hereof, Lessee, in addition to any and all other rights, shall be entitled to enjoin such breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise for such breach.

ARTICLE XXII. DISPUTE RESOLUTION; MEDIATION

All claims, disputes and other matters in controversy (herein called "**dispute**") arising out of or related to any provision in this Agreement shall be resolved exclusively according to the procedures set forth in this Article XXII. No party to this Agreement shall commence any litigation proceeding against the other unless such party shall first give a written notice (a "**Dispute Notice**") to the other party setting forth the nature of the dispute. Each party shall designate a senior executive officer to act on its behalf and to attempt in good faith to resolve the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association (AAA) in effect on the date of the Dispute Notice. If the parties cannot agree on the selection of a mediator within twenty (20) days after delivery of the Dispute Notice, the mediator will be selected by the AAA. If the dispute has not been resolved by mediation as provided above within ninety (90) days after delivery of the Dispute Notice, then either party may thereafter elect to seek resolution of the dispute through legal process (litigation).

ARTICLE XXIII. MISCELLANEOUS PROVISIONS

A. Holding Over. In the event Lessee shall hold over after the term herein granted, the holding over shall be deemed to be a tenancy from month-to-month and shall be governed by the provisions of this Lease.

B. Amendments. This Lease sets forth all of the agreements and understandings of the parties and any modification of this Lease must be written and executed by Lessor and Lessee.

C. Force Majeure. If by reason of force majeure, Lessee cannot perform any obligation of this Lease, it shall give notice of the force majeure to the City in writing within ten (10) days of the occurrence relied upon. The obligation of Lessee, to the extent and for the period of time affected by the force majeure, shall be suspended. Lessee and Lessor shall jointly endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, "force majeure" shall mean acts of God, landslides, lightning, earthquakes, hurricanes, storms, floods, or other natural occurrences; strikes, lockouts, insurrections, riots, wars, or other civil or industrial disturbances; orders of any kind of the Federal or State government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure of the system or water supply system; or any other cause not reasonably within the control of Lessee. Force Majeure shall not include financial inability and shall not excuse Lessee from paying any monthly rental or other charge as required by this Lease.

D. Partial Invalidity. If any provision of this Lease is held by a court of competent jurisdiction to be
invalid, the remainder of the Lease shall remain in effect.

E. Time. Time is of the essence of this Lease.

F. Americans With Disabilities Act. Lessee warrants that it is in compliance with the Americans with Disabilities Act (Public Law 101-336) and that it will, in carrying out the requirements of this Lease, comply in all respects with the provisions of the Act and its implementing regulations.

G. Unlawful Use. Lessee and its employees and agents shall not use or knowingly allow any other person to use of the Premises in violation of any federal, state, county, or local regulation, order, law, or ordinance applicable to the Premises.

H. Notices. Any notice given under this Lease shall be given in writing by mail, by delivery in person or by telecopier addressed as follows, or as the City or Lessee may hereafter designate by written notice:

To the City:

Airport Manager
City of Prescott
6546 Crystal Lane
Prescott, AZ 86301
Telephone: 928-777-1114
Facsimile: 928-771-5861

With a copy to:

City Clerk
City of Prescott
P. O. Box 2059
Prescott, AZ 86302
Telephone: 928-777-1100
Facsimile: 928-777-1255

To Lessee:

_____
_____
_____
_____
Telephone: _____
EMail: _____

I. Successors in Interest. Unless otherwise provided in this Lease, this Lease shall apply to and bind the successors and assigns of Lessee and the City.

J. Signage. Lessee shall place no signs, flags, or posters or other advertising or promotional materials on the premises, on the exterior of the premises, or in the windows of the demised premises without having obtained Lessor's prior written consent, which consent will not unreasonably be withheld.

K. Security. Lessee hereby agrees that the Lessor shall have a first and superior lien on all fixtures and personal property belonging to the Lessee in and about said building as additional security for the performance of this lease.

L. Lessee Indemnity. Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the premises or from the conduct of Lessee's business or from any activity, work, or things done, permitted, or suffered by Lessee in or about the premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of the lease or arising from any negligence of the Lessee, or any of the Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses, and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim.

N. Lessor Indemnity. Lessor shall indemnify and hold harmless Lessee from and against any and all claims arising from any breach or default in the performance of any obligation on Lessor's part to be performed under the terms of the lease or arising from any negligence of the Lessor, or any of the Lessor's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses, and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessee by reason of any such claim.

O. Waiver. The waiver by the Lessor of any breach or breaches by the lessee of any one or more of the covenants, agreements, conditions, or obligations herein contained or the acceptance of any delinquent payments shall not bar the Lessor's right to declare a forfeiture or to employ any other rights or remedies of the said Lessor in the event of any subsequent breach of any such or other covenants, agreements, conditions, or obligations. Any entry and/or re-entry by the Lessor, whether had or taken under what is generally known as summary proceedings, or otherwise, as provided by the terms of this lease, shall not be deemed to absolve or discharge the Lessee from liability hereunder.

P. Governing Law. The terms and conditions of this agreement shall be construed and governed in accordance with the laws of the State of Arizona.

Q. Time Is Of Essence. Time is of the essence in this agreement. The failure of either party to require the strict performance by the other of any provision of this agreement shall not be deemed a waiver of the right of said party thereafter to require strict performance of that or any other provision of this agreement in accordance with the terms hereof, and without notice.

S. Attorneys Fees. The parties hereto expressly covenant and agree that in the event of litigation arising from this Agreement, neither party shall be entitled to an award of attorneys' fees, either pursuant to the Lease, pursuant to ARS Section 12-341.01 (A) and (B), or pursuant to any other State or Federal Statute.

T. Memorandum. Lessor and Lessee agree that at the request of either, each will execute a short form memorandum of this Lease in form satisfactory for recording in the office of the Yavapai County Recorder.

U. A.R.S. Section 38-511. Pursuant to A.R.S. Section 38-511, the City of Prescott may cancel this agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the agreement on behalf of the City is, at any time while the agreement or any extension of the agreement is in effect, an employee or agent of any other party to the agreement in any capacity or a consultant to any other party of the agreement with respect to the subject matter of the agreement. In the foregoing event, the City of Prescott further

elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this agreement on behalf of the City of Prescott from any other party to the agreement arising as a result of this agreement.

DATED this _____ day _____, 20_____.

LESSEE:

_____

By: _____

Name:_____

Title: _____

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott this _____ day of _____, 20____

_____
_____, Mayor

ATTEST:

_____
Elizabeth A. Burke
City Clerk

APPROVED AS TO FORM:

_____
Gary D. Kidd
City Attorney

EXHIBIT A

PARCEL DRAWING

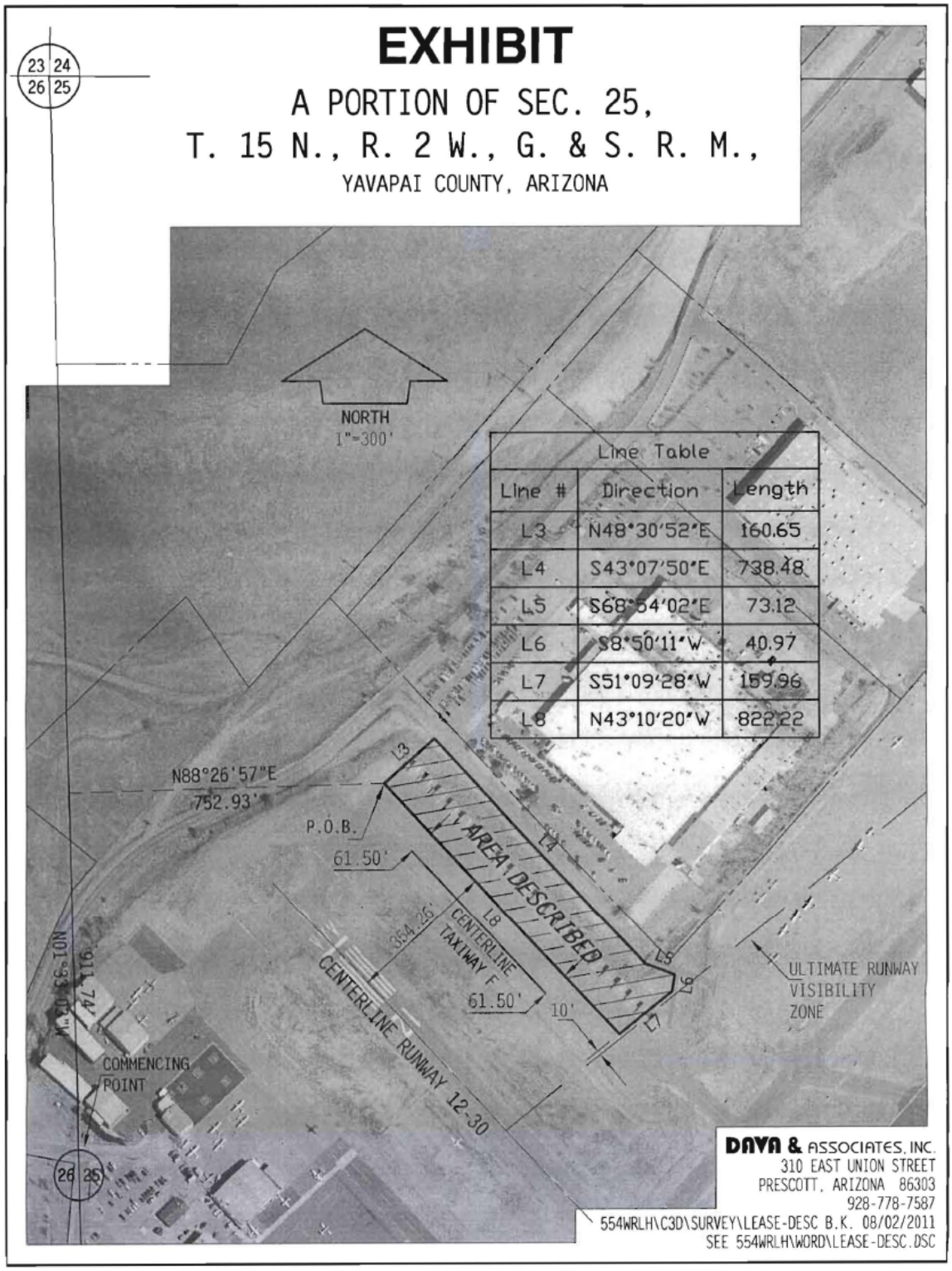

EXHIBIT A-1
MEETS AND BOUNDS LEGAL DESCRIPTION

A portion of Section 25, Township 15 North, Range 2 West of the Gila and Salt River Meridian, Yavapai County, Arizona, described as follows:

COMMENCING at the west quarter corner of Section 25 as identified by a 3" brass cap stamped "Aztec LS 42014";

thence, along the west line of Section 25, North 01°33'03" West, 911.74 feet, from which point the northwest corner of Section 25, as identified by a found stone, is North 01°33'03" West, 1,709.09 feet;

thence, departing the west line of Section 25, North 88°26'57" East, 752.93 feet to a line 354.26 feet northeasterly of and parallel with the centerline of Runway 12-30 and to the **POINT OF BEGINNING**.

Thence, departing said parallel line, North 48°30'52" East, 160.65 feet;

thence, South 43°07'50" East, 738.48 feet;

thence, South 68°54'02" East, 73.12 feet;

thence, South 08°50'11" West, 40.97 feet to a line 10.00 feet northwesterly of and parallel with the Ultimate Runway Visibility Zone line;

thence, along the line 10.00 feet northwesterly of and parallel with the Ultimate Runway Visibility Zone line, South 51°09'28" West, 159.96 feet to the line 354.26 feet northeasterly of and parallel with the centerline of Runway 12-30;

thence, along the line 354.26 feet northeasterly of and parallel with the centerline of Runway 12-30, North 43°10'20" West, 822.22 feet to the **POINT OF BEGINNING**.

This description yields 3.07 acres.

I certify that, I, Thomas G. Callahan, am a Registered Land Surveyor in the State of Arizona, that this description was prepared under my direction and contains adequate information to allow retracement thereof.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
22752
THOMAS G.
CALLAHAN
Date Signed 8/16/11
ARIZONA, U.S.A.

EXPIRES 6/30/2014

EXHIBIT B
PERMITTED USES OF THE PREMISES

Lessee shall use the Premises only for the following aeronautical purposes on the condition that the facilities conform to all applicable codes, ordinances, laws, rules, and regulations. No other uses of whatever nature shall be permitted under the terms of this Lease.

a. The operation may include any or all of the following uses:

(1) Aircraft hangars, each over 1,400 Square feet in size, aircraft tie-down areas and maintenance buildings.

(2) Automobile parking lots and structures.

(3) Aviation flight and ground school, including pilot and student equipment sales.

(4) Aircraft sales, including radio and navigational equipment, parts, supplies and accessory equipment.

(5) Aircraft hangar and tie-down rental.

(6) Aircraft leasing, rental and charter.

(7) Airframe, engine, radio, navigational and accessory equipment repair, maintenance manufacturing and modification.

(8) Aircraft ground support equipment repair, maintenance, manufacturing and modification.

(9) Aircraft cleaning services.

(10) Aircraft painting, on condition that facilities conforming to fire, air pollution and environmental requirements are provided.

(11.) Non-retail Aviation fuel service for Lessee's own aircraft on condition that city requirements are met to conform with fire and environmental protection and the payment of flowage fees.

(12) Aircraft and engine mechanic schools.

(13) Air taxi and air ambulance services.

(14) Aerial photography and surveying.

(15) Office, retail and service uses related or ancillary to other uses permitted herein.

(16) Identification, directional and safety signs.

b. RESERVING TO LESSOR in each and every enumerated use, the right to provide to Airport users one or more of the services allowed by this Clause without the necessity of renegotiation of the terms and conditions of this Lease.

c. None of the uses enumerated in this Clause including, but not limited to aircraft tie-down or storage, shall be permitted in or upon any area of the Premises that have not been improved with paving without the prior written consent of the Airport Manager.

EXHIBIT C
INITIAL IMPROVEMENTS
SITE PLAN & CONSTRUCTION SCHEDULE

RESERVED

EXHIBIT D
QUALIFIED TENANT DEFINITION

Qualified Tenant Definition

A "Qualified Tenant" shall means any prospective tenant with respect to whom Lessor has not issued a Notice of Objection pursuant to the lease terms and conditions following Lessee's submission of a complete Notice of Intent To Sublease.

EXHIBIT E
NOTICE OF INTENT TO SUBLEASE

Notice of Intent to Sublease

Date:_____

To: City of Prescott, Airport Manager

Owner: _____

Proposed Qualified Subtenant:_____

Principals of Proposed Qualified Subtenant (If not a natural person):_____

_____

Space to be subleased:_____

This shall serve as Notice to the City of Prescott of _____ intent to lease to the above described Proposed Qualified Subtenant, the space identified above at the Prescott Airport. This notice is given pursuant to the Lease Agreement, Paragraph A Sublease or Assignment, between the City of Prescott & Guidance Helicopters, Inc..; also known as City contract number _____.

The Sublease agreement is attached for the City's records.

CITY CONSENT

The City of Prescott, by and through the Prescott Airport Manager, hereby consents to the sublease of the above referenced hangar space located within the premises defined in City of Prescott Contract Number _____-_____ (hereinafter referred to as the "Lease"), to the above referenced "Proposed Qualified Subtenant" (hereinafter referred to as "Subtenant"), upon the following terms and conditions:

1. That this consent shall not be deemed a waiver or relinquishment in the future of the covenant against assignment, sale or subletting without first obtaining the consent of the City of Prescott.

2. That in the event of any conflict between the terms and conditions of the Lease and the hangar sublease agreement, the terms and conditions of the Lease shall prevail.

3. That the Subtenant shall agree to accept and abide by any and all provisions in the Lease, and to faithfully perform any and all covenants, stipulations, agreements and obligations under the Lease.

CITY OF PRESCOTT

By:_____Date: _____
Airport Manager

THIS FORM MAY BE AMENDED FROM TIME TO TIME BY THE CITY AND SHALL CONSTITUTE INFORMATION REQUIRED BY THE TRANSPORTATION SECURITY ADMINISTRATION OR OTHER GOVERNMENTAL AGENCIES FOR THE PURPOSES OF BACKGROUND. SECURITY CHECKS THAT MAY, FROM TIME TO TIME, BE REQUIRED ON AIRPORT TENANTS.

ATTACHMENT B

AIRPORT MINIMUM OPERATING STANDARDS

DRAFT

PRESCOTT MUNICIPAL AIRPORT
ERNEST A. LOVE FIELD
PRESCOTT, ARIZONA

EFFECTIVE DATE: Pending City Council Approval

AIRPORT ADMINISTRATION OFFICE
6546 CRYSTAL LANE
PRESCOTT, AZ 86301
928.777.1114; FAX 928.771.5861

REVISIONS

REVISION NO.	DATE	SECTION

INTRODUCTION:

The use and leasing of public airport facilities is a complex process in which consideration must be given to compliance with various federal, state, and city policies and requirements. Various federal documents provide guidance and compliance requirements for using and leasing airport facilities, including:

- FAA Federal Grants Assurances
- FAA Order 5190.6, Airport Compliance Program
- FAA Order 5100.38, Airport Improvement Program Handbook
- FAA AC 150/5190-6, Exclusive Rights at Federally Obligated Airports
- FAA AC 150/5190-7, Minimum Standards for Commercial Aeronautical Activities

The current edition of these documents, and any other related federal, state, and local documentation, should be consulted during the process of negotiating aviation agreements. Additionally, local legal counsel should review any legally binding agreement prior to execution.

Airport operators have found that the best method of ensuring fairness, consistency, and compliance in the leasing of airport facilities is through development of three key instruments, which are:

- An effective local lease policy
- Minimum Standards for Commercial Aeronautical Activities
- An effective airport lease agreement

This section presents Minimum Operating Standards for Commercial Aeronautical Activities. Minimum Standards are defined by the FAA as the "qualifications which may be established by an airport owner as the minimum requirements to be met as a condition for the right to conduct an aeronautical activity on the airport." Accordingly, minimum standards should provide a fair and reasonable opportunity, without unlawful discrimination, to all applicants to qualify, or otherwise compete, to occupy available airport land and/or improvements and engage in authorized aeronautical activities. In essence, minimum standards establish base line, or "minimum", requirements and qualifications to ensure a safe and specified level of service for the community, as well as fairness and consistency in the leasing of airport facilities.

CITY OBJECTIVES

The City of Prescott owns and operates Prescott Municipal Airport (Ernest A. Love Field) for the benefit of the local community and the state and national air transportation system. The City desires to ensure that the public receives a safe and reasonable standard of aeronautical services. The City also desires to provide a fair and reasonable opportunity, without discrimination, to all qualified parties interested in leasing facilities and providing commercial aeronautical services at Prescott Municipal Airport. The City also desires to comply with State and Federal policy and regulations to the leasing of airport facilities and property including but not limited to the public advertisement of leasing opportunities and public notice of intent to lease airport facilities or land.

Accordingly, the objective of the City of Prescott in promulgating these minimum standards for commercial aeronautical activities is to:

- Provide a fair and consistent mechanism for leasing of facilities and provision of aeronautical services at Prescott Municipal Airport.
- Maintain compliance with State and Federal policy, regulations, and grant assurances.

These minimum standards contained herein should not be considered all-inclusive of the requirements that must be met to operate a commercial aeronautical activity at Prescott Municipal Airport. All commercial activities located at the airport will be subject to all applicable federal, state and local laws, codes and ordinances and other similar regulatory measures, including airport rules and regulations. Also, a written agreement with the City of Prescott is required prior to commencement of any commercial service or activity. Furthermore, the minimum standards contained herein may be revised, supplemented, and/or amended by the City from time to time in such a manner as to reflect changes at the airport and fairness and consistency to all existing and prospective future airport tenants.

FEDERAL/STATE POLICY

The City of Prescott accepts Federal and State funding for airport development projects at Prescott Municipal Airport, and consequently must comply with Federal and State regulations and policy. As set forth in the Airport and Airways Improvement Act of 1982, as amended, and the Airport Improvement Program sponsor assurances, “the sponsor of an airport that has received federal grant assistance is required to operate the airport for the use and benefit of the public, and to make it available for all types, kinds, and classes of aeronautical [commercial] activity.”

Federal Aviation Administration Advisory Circular (AC) 150/5190-7, as may be amended, provides basic information and guidance pertaining to minimum standards and state grant obligations involves several distinct requirements. Most important is that the airport and its facilities must be available for public use. The terms imposed on those who use the airport and its services must be reasonable and applied without unjust discrimination. Upon acceptance of federal grants for development of airport facilities, the City must agree to comply with numerous federal grant assurances.

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ARTICLE 1. Definitions; Application; Waiver

Section 1.1 Definitions.

All definitions contained in the airport rules and regulations are incorporated by reference in these minimum operating standards. For the purposes of these minimum operating standards, all references to the "rules and regulations" are to the airport rules and regulations, unless otherwise specified.

The following words and phrases, whenever used in these Minimum Operating Standards shall be construed as defined in this article unless from the context a different meaning is intended, or unless a different meaning is specifically defined and more particularly ascribed to the use of such words or phrases. All definitions contained in 49 U.S.C. § 40101 *et seq.* (previously known as the Federal Aviation Act of 1958, hereinafter cited as the "FAA Act") and all amendments thereto shall be considered as included herein; and all definitions shall be interpreted on the basis and intention of the FAA Act and amendments thereto unless from the context a different meaning is intended, or unless a different meaning is specifically defined or more particularly ascribed to the use of such words or phrases. Definitions that are also used by the Transportation Security Administration (TSA) will be used when the TSA definition is more stringent than the FAA Act definition.

Abandon, as applied to property left at the airport, means that is has been left on city property or the property of another without the consent of the city for forty-eight (48) hours without the owner moving or claiming it. Such property shall be impounded by the city.

Accident means a collision or other contact of any part of an aircraft or a vehicle, person, stationary object or other thing which results in property damage, personal injury or death; or an entry into or emerging from a moving aircraft or vehicle by a persons which results in personal injury or death to such person or some other person or which results in property damage.

Aeronautical activity means any activity or service which involves, makes possible, or is required for the operation of aircraft, or contributes to, or is required for, the safety of such operations. "Aeronautical activities" include, but are not limited to, charter operations (under either Federal Aviation Regulation (FAR) Part 121 or 135, charter brokerage, aircraft hangar leasing, pilot training, aircraft rental and sight-seeing, aerial photography, crop dusting, fire suppression, aerial advertising and surveying, aircraft sales, leasing and servicing, aircraft management, and sale of aviation petroleum products, whether or not conducted in conjunction with other included activities which have a direct relationship to the operation of aircraft, repair and maintenance of aircraft, sale of general aviation aircraft parts, and any other activities which because of their relationship to the operation of aircraft can appropriately be regarded as an "aeronautical activity."

Agreement means written permission granted by the city through any lease, license, permit, or other type agreement with the City.

Air traffic means aircraft in operation anywhere in the airspace and on that area of the airport normally used for the movement of aircraft.

Aircraft means any device intended to be used, or designed to, navigate or fly in the air.

Aircraft fuel means all types and grades of aviation gasoline, motor gasoline (MoGas), turbine fuels, and any other types of fuels or propellants used for the purpose of operating an engine used in an aircraft.

Aircraft operation means an aircraft arrival at, or departure from, the airport.

Aircraft parking and storage areas means those hangar and apron locations of the airport designated by the airport manager for the parking and storage of aircraft.

Airport means all of the city-owned or leased real or personal property comprising Prescott Airport as now exists or as may hereafter be expanded and developed. "Airport" includes all of its facilities as shown on the most current airport layout plan.

Airport Manager means the duly appointed manager of the airport or the manager's designee.

Airside means the area of the airport that is either contained within the airport perimeter fence, or which requires access through a building located on or adjacent to airport property, or which requires access through a controlled airport access point.

Based on the airport means an aircraft: (1) the owner physically locates at the airport with no present intention of definite and early removal and with the purpose to remain for an undetermined period; (2) which, whenever absent from the airport, its owner intends to return to the airport for permanent parking; and (3) its presence in the airport is something other than merely transitory in nature.

Based location means the location on the airport, which is listed as an aircraft's hangar, shade or tiedown location as registered with the airport manager.

Commercial activity means the conduct of any aspect of a business, concession or service in order to provide goods or services to any person for compensation. An activity is considered commercial activity regardless of whether the business is nonprofit, charitable, or tax-exempt.

Employee means a person employed by an employer for whom the employer withholds taxes, pays taxes, and provides benefits, if any. A direct employee is listed on the employers rolls as a employee. An employee is NOT a contractor, agent, representative, per diem, independent worker, or a person who works off the books.

Exclusive Right means a power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. An exclusive right can be conferred either by express agreement (i.e. lease agreement), by the imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right.

Fuel handling means the transportation, delivery, fueling, or draining of fuel or fuel waste products, and the fueling of aircraft except for fuel sampling.

Fuel storage area means any portion of the airport designated temporarily or permanently by the city as an area in which fuel may be stored or loaded.

General aviation means all phases of aviation other than aircraft manufacturing, military aviation, and scheduled or non-scheduled commercial operations.

Hazardous material means any chemical, substance, material, waste or similar matter defined, classified, listed or designated as harmful, hazardous, extremely hazardous, dangerous, toxic or radioactive, or as a contaminant or pollutant, or other similar term, by, and/or which is subject to regulation under, any federal, state or local environmental statute, regulation or ordinance presently in effect or that may be promulgated in the future, and as they may be amended from time to time.

Landside means the general public common use areas of the airport such as roadways, parking lots and buildings, which are not contained in the airside area of the airport.

Local aircraft operations means aircraft operating in the local air traffic pattern or within sight of the air traffic control tower; aircraft that are known to be departing for, or arriving from, flight in local practice areas located within a 25-mile radius of the airport traffic control tower; or aircraft making simulated instrument approaches or low passes at the airport.

Major aircraft alterations and repair means major alterations and repairs to aircraft or components or of the types defined in FAR Part 43 Appendix A.a and A.b.

Minor aircraft alterations and repair means any alterations or repairs of aircraft or parts which are not defined as Major alterations or repairs.

Movement area means the runways, taxiways and other areas of the airport, which require permission from airport traffic control tower prior to entering. The designation of movement areas shall apply at all times including hours when the airport traffic control tower is closed.

Owner of an aircraft means a person who holds legal title to an aircraft, or any person having exclusive possession of an aircraft pursuant to a written lease for a minimum term of twelve (12) months.

Permission or permit means permission granted by the city.

Person or permittee means an individual, a corporation, firm, partnership, association, organization, and any other group acting as a unit. This includes a trustee, receiver, assignee or similar representative.

Preventive aircraft maintenance means maintenance that is approved by the FAA to be performed by the owner or licensed pilot of an aircraft as listed in FAR Part 43 Appendix A.c, except that item 22, replacing prefabricated fuel lines is not considered preventive aircraft maintenance..

Public Area means those areas normally used by the general public, including structures and devices such as roadways, parking lots and terminal facilities that are maintained and kept at the airport for use by the general public.

Self-Fueling means the fueling of an aircraft by the owner or operator of the aircraft with his or her own employees and using his or her own equipment. Self fueling cannot be contracted out to another party. Self fueling implies using fuel obtained by the aircraft owner from the source of his/her preference. The use of a self-serve fueling pump is a commercial activity and is not considered self-fueling as defined herein.

Self-Service means the servicing of an aircraft (i.e. changing the oil, washing) by the owner or operator of the aircraft with his or her own employees and using his or her own

equipment. Self-services cannot be contracted out to another party. Self-service activities that can be performed by the aircraft owner or operator with his or her own employees includes activities such as maintaining, repairing, cleaning, and otherwise providing service to an aircraft, provided the service is performed by the aircraft owner or his/her employees with resources supplied by the aircraft owner.

Taxilane means the portion of the aircraft parking areas used for access between taxiways and aircraft parking positions.

Taxiway means a defined path established for the taxiing of aircraft from one part of the airport to another.

Technical specialist means, including but not limited to, a technical representative of an aircraft manufacturer, aircraft engine manufacturer, aircraft appliance manufacturer, a non-destructive inspection specialist, a person holding an Inspection Authorization (IA), Designated Airworthiness Representative (DAR), Designated Engineering Representative (DER), Designated Pilot Examiner (DPE) issued by the FAA, Technical Counselor, or Flight Advisor certificate issued by EAA.

Temporary activity means an activity being conducted for no more than 24 consecutive hours.

Traffic pattern means the traffic flow that is prescribed for aircraft using the airport.

Vehicle means a device, except aircraft, in, upon, or by which any person or property is or may be propelled or moved.

Vehicle parking area means any portion of the airport designated and made available temporarily or permanently by the city for the parking of vehicles.

Section 1.2 Application of minimum operating standards

1. All persons conducting commercial activities at the airport (hereinafter referred to as commercial operator) shall, as a condition of conducting such activities, comply with all applicable requirements concerning such activities as set forth in these minimum operating standards and any amendments thereto. These requirements set forth herein are the minimum standards which are applicable to persons conducting commercial aeronautical activities at the airport and all persons are encouraged to exceed such minimum standards in conducting their activities. Temporary activities and activities of non-profit organizations must also meet these same minimum operating standards.

2. These minimum operating standards shall be deemed to be a part of each commercial operator's lease, license, permit or agreement with or from the City, from the time these standards are adopted, unless any such provisions are waived or modified by the City pursuant to section 1.5. Any lease, license, permit or agreement with or from the City, entered into prior to adoption of these minimum standards, shall have 12 calendar months from the effective date of these minimum standards to be in compliance with these minimum standards except as specified in Section 1.2 Paragraph 3. The mere omission of any particular standard from a commercial operator's lease, license, permit or agreement with the City shall not constitute a waiver or modification of such standard in the absence of clear and convincing evidence that the City intended to waive or modify such standard.

3. Any lease, license, permit or agreement with or from the City, entered into prior to adoption of these minimum standards, is excluded from the facility/space requirements of these minimum operating standards until such time as any expiration, or renegotiation of any term of the lease, license, permit or agreement occurs or a material decrease, increase or expansion of activities occurs, at which time these minimum standards will be deemed to be a part of each commercial operator's lease, license, permit, or agreement with or from the City.

   A. In the event an existing lease, license, permit or agreement expires or materially changes, and the commercial operator holds more than one lease, license, permit or agreement, these minimum standards shall apply across the board to all segments of the commercial operators business and all leases, licenses, permits, or agreements.

Section 1.3 Conflicting Minimum Standards and Lease, License, Permits or Agreements

1. Where a conflict exists between any minimum standards or limitations prescribed in the Minimum Operating Standards and an airport lease, license, permit or agreement as currently exists on the effective date of these Minimum Standards, the terms and conditions of the lease, license, permit or agreement will prevail.
2. Compliance with the minimum standards does not excuse failure to comply with any other applicable rule, regulation, policy, code, ordinance or law.

Section 1.4 Multiple activities by one commercial operator

Whenever a commercial operator conducts multiple activities pursuant to one lease, license, permit or agreement with the City, such commercial operator must comply with the minimum standards set forth herein for each separate activity being conducted. If the minimum standards for one commercial operator's activities are inconsistent with the minimum standards for another commercial operator's activities, then the minimum standards, which are most beneficial to the City, and/or which are most protective of the public's health, safety and welfare, shall apply.

Section 1.5 Activities not covered by minimum operating standards.

Any activities for which there are no specific minimum standards set forth herein shall be subject to such standards and provisions as are developed by the Airport Manager on a case-by-case basis and set forth in such commercial operator's written lease, license, permit or agreement with or from the City.

Section 1.6 Enforcement and Waiver or modifications of standards.

The Airport Manager has the authority to manage the airport, including the authority to interpret, administer, and enforce airport agreements and airport owner policies and the authority to permit temporary, short-term occupancy of the airport. The ultimate authority to grant the occupancy and use of airport real estate or permits allowing for the conduct of commercial activities, and to approve, amend, or supplement all leases and permits is expressly reserved to the City of Prescott.

The Airport Manager may waive or modify any portion of these minimum operating standards for the benefit of any governmental agency performing public services, fire protection or fire-fighting operations. The City Manager may waive or modify any portion of these minimum operating standards for any person when it is determined that such waiver or

modification is in the best interest of the City and will not result in unjust discrimination among commercial operators at the airport.

ARTICLE 2. PERMITS

Section 2.1 Applications

Any person who desires to conduct any commercial activity at the airport covered by these minimum operating standards shall, prior to conducting such activity, submit an application with the appropriate fees to, and receive approval thereof, from the Airport Manager. In addition to the following requirements, the Airport Manager may require the applicant to provide additional information, which is necessary to ensure compliance with the Prescott City Code, Airport rules and regulations, applicable local, state, or federal law, and/or these minimum operating standards. The applicant shall, at minimum, submit the following documentation with the above-referenced application:

1. Operating Permit – are issued for those commercial activities at the airport covered by these minimum operating standards for durations longer than 15 calendar days per calendar year.

A. A detailed description of the scope of the intended operation, including all services to be offered;

B. The amount of land, office space, and/or aircraft storage areas required for the operation;

C. A detailed description of any improvements or modifications to be constructed or made to airport property, including cost estimates and a construction timetable;

D. The proposed hours of operation;

E. Documentation of the applicant's financial capabilities to construct any improvements and to conduct any proposed activities;

F. A detailed description and/or evidence of the applicant's technical abilities and experience in conducting the proposed activities, including personal references;

G. The proposed commencement date for the applicant's activities and the term of the lease, license, permit or agreement sought, including all option periods;

H. One of the following:

1. If the applicant is a corporation, a certified copy of the articles of incorporation as filed with the Corporation Commission;
2. If the applicant is a limited liability company, a certified copy of the articles of organization filed with the Corporation Commission;
3. If the applicant is a limited partnership, a certified copy of the certificate of limited partnership filed with the Secretary of State; or
4. If the applicant is a general partnership, an executed copy of the written partnership agreement, and any amendments thereto; and
5. If the applicant is a foreign entity, proof that the entity is authorized to transact business in the State of Arizona.

I. An original copy of a certificate of insurance, in the amounts outlined in Article 4, naming the City as an additional insured;

J. A copy of a lease/sublease or other agreement with the City or a bona fide airport tenant;

K. A copy of the applicant's City of Prescott Business/Privilege Tax License, as applicable;

L. A rates and charges schedule of all services to be conducted at Prescott Municipal Airport; and

M. Copies of applicable Federal Aviation Administration (FAA) certificates.

2. Temporary Activity Permit – are issued for those commercial activities at the airport covered by these minimum operating standards on a daily basis for operations occurring 15 calendar days or less per calendar year.

A. A detailed description of the scope of the intended operation, including all services to be offered;

B. The proposed days, dates and hours of operation;

C. A copy of the applicant's City of Prescott Business/Privilege Tax License, as applicable;

D. A rates and charges schedule of all services to be conducted at Prescott Municipal Airport;

E. Copies of applicable Federal Aviation (FAA) certificates.

F. Listing of aircraft and location(s) where activity is to be performed, and

G. An original copy of a certificate of insurance, in the amounts outlined in Article 4, naming the City as an additional insured;

Section 2.2 Processing; denial

The Airport Manager shall be responsible for processing the application for a lease, license, permit or agreement to conduct activities at the airport and shall be responsible for ensuring continued compliance. The Airport Manager may deny any application, seek corrective measures including but not limited to issuing Notices of Violation (NOV), or suspend or revoke a permit subject to appeal if it is determined that:

1. The applicant/permittee does not meet the qualifications and standards set forth in the Prescott City Code, the airport rules and regulations, or these minimum operating standards;
2. The proposed or actual activities are likely to create or are creating a safety hazard at the airport;
3. The proposed or actual activities will require or are requiring the City to expend funds, or to supply labor or materials as a result of the applicant or permittee's activities, or will result or is resulting in a financial loss to the airport;
4. No appropriate space or land is available to accommodate the proposed activities;
5. The proposed or actual activities are not consistent with the airport's master plan and/or airport layout plan;
6. The proposed or actual activities are likely to result or are resulting in a congestion of aircraft or buildings, a reduction in airport capacity, or an undue interference with airport operations or the operations of any existing airport users at the airport;

7. The applicant or permittee or any of its principals has knowingly made any false or misleading statements in the course of applying for or renewing a lease, license, permit or agreement;
8. The applicant or permittee or any of its principals has a record of violating the Prescott City Code, the airport rules and regulations, these minimum operating standards, Federal Aviation Regulations or any other applicable laws, ordinances, rules or regulations;
9. The applicant or permittee does not have or has lost the technical capabilities or financial resources to properly conduct the proposed activities;
10. The applicant or permittee has not submitted appropriate documentation supporting the proposed activity as outlined in Section 2.1.

Upon receipt of complaint or observance of non-compliance the Airport Manager will investigate and as may be appropriate, seek corrective action from the permittee including but not limited to issuing a Notice of Violation (NOV). The violator will have 30 calendar days to cure the non-compliance from receipt of written notice from the Airport Manager, or the permit will be revoked.

Section 2.3 ***Appeal process***

The applicant or permittee shall have the ability to appeal the denial of an application, the issuance of NOV, or revocation of a permit by the Airport Manager, subject to the following provisions:

1. Providing written notice of appeal to the Airport Manager within ten (10) business days of the receipt of said denial, NOV, suspension or revocation.
2. The notice of appeal will be forwarded to the City Manager for review within 5 business days of receipt of the notice of appeal.
3. Applicant or permitte shall be notified in writing of the date of the scheduled appeal review.
4. Applicant or permittee shall be present at the appeal review. If applicant or permittee is not present, the Airport Manager's denial, NOV or revocation shall remain unchanged.
5. The City Manager shall consider all relevant information presented by the applicant or permittee and the Airport Manager.
6. The City Manager shall render a decision in writing within ten (10) business days of the conclusion of the hearing and the decision shall be final as to the status of the application, NOV, or revocation of permit. The Airport Manager will proceed with all further actions as may be required or deemed necessary to effect the decision.
7. If an appeal is found in the applicant's or permittee's favor, documentation of the violation will be removed from the file and will not be held against him/her in the future.

Depending on the severity and/or level of violation, any or all airfield privileges may be suspended immediately, regardless of a requested appeal.

Under no circumstances will the City of Prescott Municipal Airport be responsible for lost wages or job due to revoked airfield privileges.

ARTICLE 3. GENERAL PROVISIONS

Section 3.1 General provisions.

Except as otherwise provided in City Code, all leases, licenses, permits or agreements with the City which affect the airport are subject the to the following provisions:

1. Rights to engage in specific activities at the airport are non-exclusive;
2. Defense and indemnification of the City and its elected or appointed officials, officers, representatives, directors, commissioners, agents or employees from and against all damages, claims, suits, actions, losses and expenses (including court costs and reasonable attorneys' fees) for personal injury or death or for property damage or loss arising out of use of the airport;
3. A termination clause allowing the City to terminate the commercial operator's lease, license, permit or agreement within a stated time period after notice of default is given to the commercial operator if the commercial operator fails to cure its default within the specified time period, and allowing the City to terminate the lease, license, permit or agreement immediately if the commercial operator fails to maintain the required insurance;
4. No improvements or modifications to airport property without the prior written consent of the City. Before commencing any improvements or modifications, the commercial operator shall submit detailed construction plans and specifications to the City. Upon completion of the construction, the commercial operator shall provide the City with two (2) complete sets of detailed plans and specifications of the work as completed. All improvements or modifications made to airport property shall become the property of the City, at no cost to the City, upon termination of the commercial operator's lease, license, permit or agreement;
5. No lease, license, permit, agreement, or any rights thereunder, shall be assigned without the prior written consent of the City. The Airport Manager may require any potential assignee to submit biographical information, financial information, legal documentation, and any other information the City deems relevant for evaluating and processing the proposed assignment prior to approval of the proposed assignment;
6. The Arizona Revised Statutes, including but not limited to the requirement for public advertisement of airport lease opportunities and notification of pending lease actions;
7. All FAA required provisions.

ARTICLE 4. INSURANCE

Section 4.1 General insurance requirements

Except as otherwise provided in Articles 6 or 7, each commercial operator shall at all times maintain in effect the types and minimum amounts of insurance as specified in Appendix A, required by the City, as applicable to the business to be conducted.

The City of Prescott may adjust liability insurance amounts and requirements as City deems reasonably necessary, or as may be required because of changes in the insurance requirements imposed by the City's insurer or by applicable law. Commercial operator shall comply with such adjustments or increases, within such reasonable time period as is requested by the City.

Section 4.2 Additional insurance required by City.

Such other insurance as the City may reasonably determine to be necessary for such commercial operator's activities.

Section 4.3. Form; acceptance by City.

All insurance shall be in a form and from an insurance company with A.M. Best's rating of at least A-VII. All policies, except worker's compensation policy, -be endorsed to (using form CG 2010 (10/01) or equivalent) name the City of Prescott and its representatives as "Additional Insured's," and the commercial operator shall furnish certificates of insurance evidencing the required coverage cited herein prior to engaging in any commercial aeronautical activities or other ancillary activities as permitted in the lease, license, permit, or agreement. Such certificates shall provide for unequivocal thirty-day (30) notice of cancellation or material change of any policy limits or conditions.

ARTICLE 5. GENERAL OPERATIONAL REQUIREMENTS

Section 5.1 Applicable regulations.

Each commercial operator shall comply with the Prescott City Code, fire code, airport rules and regulations and any other documents adopted and/or established by the City for the safe, orderly and efficient operation of the airport.

Section 5.2 Taxiway access.

If not already provided, a commercial operator shall provide paved access from the operator's leased premises to the airport's taxiway/taxilane/apron system as may be required. Such access shall meet all applicable FAA standards for the largest aircraft type anticipated to be using the leased premises or as required by the Airport Manager. As a minimum, except as otherwise specified in these minimum operating standards, the access shall be constructed for aircraft having at least a 48.99 foot wingspan and a 12,500 pound Single Wheel Weight.

Section 5.3 City Rights.

The City reserves the right at all reasonable times to enter upon each commercial operator's premises for any lawful purpose, provided that such entry does not unreasonably interfere with the commercial operator's use of the premises. The City further reserves the right to restrict or deny access to the commercial operator's premises during national, state, or local emergencies or at anytime in which conditions on the commercial operator's premises represent a hazard to the public health, safety, or interfere with the landing and taking off of aircraft from the airport.

Section 5.4 Rates and charges.

Each commercial operator may determine the rates and charges for all of its own activities and services, provided that such rates and charges shall be reasonable and fairly applied to all of the commercial operator's customers.

Section 5.5 Personnel, subtenants and invitees; control and demeanor.

Each commercial operator shall employ a sufficient number of trained, on-duty personnel to provide for the efficient, safe, orderly and proper compliance with its obligations under its lease, license, permit or agreement. Each commercial operator shall control the conduct and demeanor of its personnel, subtenants, licensees and invitees and, upon objection by the City concerning the conduct and demeanor of any such person, the commercial operator shall immediately take all lawful steps necessary to remove the cause of the objection. Each commercial operator shall conduct its operations in a safe, orderly, efficient and proper manner so as not to unreasonably disturb, endanger or be offensive to others.

Section 5.6 Interference with utilities and systems.

No commercial operator shall do or permit to be done anything that may interfere with the effectiveness or accessibility of any public utility system, drainage system, sewer system, fire protection system, sprinkler system, alarm system or fire hydrant and hoses.

Section 5.7 Minimum facility requirements

Each commercial operator shall provide the following infrastructure to all facilities:

1. Public access and onsite auto parking facilities at a rate of four spaces per acre plus one space for every 5,000 square feet of gross hangar area over 5,000 square feet. Parking must include sufficient Americans with Disabilities Act (ADA) compliant parking spaces.
2. At least one ADA compliant public use unisex bathroom for each 5,000 square feet of hangar space.
3. Shielded lighting for aircraft ramps and automobile parking lots.
4. Premises shall be landscaped.
5. Outside equipment/parts storage areas and trash bins must be screened from public view.
6. Adequate fencing, signage and other controls to deter inadvertent access of persons and vehicles onto the airside areas of the premises.

Section 5.8 City Code Compliance

Each commercial operator is responsible for complying with all applicable building and fire codes including the payment of construction and inspection fees. All hangar buildings must be sprinkled or have alternative fire suppression to the satisfaction of the City fire code.

Section 5.9 Fire equipment.

Each commercial operator shall supply and maintain such adequate and readily accessible fire extinguishers and equipment as may be required by law and/or the City fire code.

Section 5.10 Vehicle identification

Any vehicle used on the airport operations area (AOA) must bear identification designating the commercial operator to whom the vehicle is assigned. Letters shall be a minimum of three (3) inches in height or logo shall be minimum twelve (12) inches in diameter, on a contrasting background and displayed in a manner that is acceptable to the Airport Manager.

Section 5.11 Indemnification.

To the fullest extent permitted by law, any person accessing or using the airport or any of its facilities, and the person's successors, assigns and guarantors, defend, indemnify, and hold harmless the City, its agents, employees, officials, directors, officers, commissioners, and representatives harmless from and against all claims, demands, charges, penalties, obligations, fines, administrative and judicial actions or proceedings, suits, liabilities, judgments, damages, losses, costs and expenses of any kind or nature (including, but not limited to, attorneys' fees, court costs and cost of appellate proceedings) arising from said access or use, or from any act or omission of said person (and its employees, agents or anyone for whose acts or omissions said person may be liable) including, without limitation, the discharge of any duties or the exercise of any rights or privileges pursuant to this chapter or any regulations or minimum operating standards promulgated hereunder. This section applies, without limitation, to claims of personal injury, bodily injury, sickness, disease or death, and to claims of property damage (including, City property), destruction or other impairment of every description (including, without limitation, loss of use), and to claims of environmental property damage (including, without limitation, cleanup, response, removal and remediation costs).

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of indemnity in this paragraph.

ARTICLE 6. FIXED BASE OPERATORS (FBO)

Section 6.1 ***Statement of concept.***

1. A fixed base operator means a person engaged in commercial activities on airport property including, at a minimum, the following:

A. Aircraft fueling and lubrication;
B. Aircraft line services;
C. Aircraft storage, parking, and tiedown;
D. Major aircraft maintenance and repair services as defined in FAR Part 43 Appendix A paragraph (a) and (b);
E. Retail sales of aircraft parts and accessories; and
F. Provisions of customary facilities, amenities, and ancillary services to general aviation users including, at a minimum, the following: public ADA restrooms on its premises, customer use telephone, passenger/crew waiting area/lounge, conference room, snack and beverage vending machines, and computerized weather briefing/flight planning services.

2. A fixed base operator shall comply with all of the standards and requirements contained in this article. In addition, a fixed base operator may engage in any general aviation specialty service activity identified in article 7 (and which is not already specifically required by this section) upon meeting all standards identified for the specific activity, with the exception of those standards related to minimum required office space.

Section 6.2 ***Land and facility requirements.***

1. Land: At least five (5) acres of contiguous airport property.
2. Apron: At least 80,000 square feet of apron designed and constructed for aircraft with at least a 60,000 pound single wheel weight (not including building area, automobile parking, and fuel storage area) to support aircraft operations. This area shall accommodate the following:

A. Airplane Design Group II aircraft (wingspans up to seventy-nine (79) feet);
B. Transient aircraft parking for corporate/business jet aircraft and general aviation aircraft;
C. Circulation taxilanes to facilitate access to/from aircraft parking and staging areas; and
D. Adequate ramp area to simultaneously accommodate transient aircraft operations, towing of aircraft to/from storage hangars/shades, and staging of based aircraft.

3. FBO Building: At least 5,000 square feet of combined office and lobby space with a minimum of 1,500 square feet dedicated to customer service and support functions.
4. Hangar Space: At least 20,000 square feet of interior clear space for aircraft with at least a 60,000 pound single wheel weight.

Section 6.3 ***Hours of operation.***

Unless otherwise agreed to in writing by the Airport Manager, a fixed base operator shall provide aircraft fueling and line services seven (7) days-per-week, including holidays, during the hours of operation of the FAA ATCT, and if providing maintenance services, shall provide aircraft maintenance and repair services at least eight (8) hours per day, five (5) days per week.

Section 6.4 ***<u>Subcontracting services; restrictions.</u>***

A fixed base operator may not subcontract any activities described in section 6.1 except for major aircraft maintenance and repair services and the retail sale of aircraft parts and accessories. If the activity is not identified in section 6.1, a fixed base operator may subcontract any activities described in article 7, provided that such subcontractor meets the requirements in article 7 and operates from the fixed base operator's premises and in such areas as are approved by the Airport Manager.

Section 6.5 ***<u>Minimum requirements of FBO services.</u>***

Aviation fueling.

1. A fixed base operator shall comply with the National Fire Protection Association's codes and standards, as amended, FAA Advisory Circular 150/5230-4, as amended, all requirements of the airport rules and regulations, and all other applicable laws related to aircraft fuel handling, dispensing and storage.
2. A fixed base operator shall construct, install and/or maintain an on-airport above ground aviation fuel storage facility in a location designated by the Airport Manager. The fuel storage facility shall have total capacity for a minimum three days supply of aviation fuel for aircraft being serviced by the fixed base operator. In no event shall the total storage capacity be less than:
   A. One 20,000 gallon above ground storage tank for Jet;
   B. One 20,000 gallon above ground storage tank for Avgas;
3. A fixed base operator shall demonstrate the capability to expand fuel storage capacity. A fixed base operator shall not construct or modify any fuel storage or distribution facilities without the written consent of the City and without complying with all City, state and federal safety standards. The City shall inspect such facilities periodically to ensure compliance with all standards.
4. A fixed base operator shall provide dispensing equipment sufficient to serve the needs of aircraft normally frequenting the airport, including the provision of at least two Jet fuel service vehicles and two Avgas refueling vehicles. Jet fuel service vehicles shall have single point and over-wing fueling capabilities and a minimum capacity of 3,000 gallons. Avgas fuel service vehicles shall have a minimum capacity of 750 gallons. A fixed base operator shall have access to back-up fuel service vehicles. All equipment must meet local, state and federal safety standards. The metering devices shall be inspected, checked and certified in accordance with state law. The City may inspect such equipment periodically to ensure compliance with all standards.
5. A fixed base operator shall require all of its fuel service personnel to complete an aviation fuel service training course, obtain an airfield drivers permit, and receive periodic refresher training as required by the Airport Manager, the fire department and the FAA. A fixed base operator shall develop an in-house aviation fuel service training program or utilize a nationally-recognized fuel training program (i.e. NATA Professional Line Service Training or training program developed by major oil company such as Air BP, Avfuel, etc.) that is acceptable to the Airport Manager. The City and the FAA may periodically conduct inspections of the fixed base operator's activities and personnel to ensure adherence to safe practices.
6. Aircraft line services

A. A fixed base operator shall employ and have on-duty during required hours of operations sufficient properly trained and qualified employees capable of providing aircraft fueling, aircraft parking, and ancillary aircraft ground support services and related customer services and support.
B. A fixed base operator shall have and maintain the equipment that is required to safely and efficiently tow the types of aircraft normally frequenting the airport, including a tug and towbars (dependant upon type of tug) rated for such aircraft.
C. A fixed base operator shall maintain such tools and equipment, including a ground power units, oxygen cart and supplies, fire extinguishers, chocks, tiedown supplies, etc. as are necessary for the servicing and support of aircraft types expected to use the airport.

7. Aircraft storage, parking and tiedown facilities and areas shall be used only for aeronautical related storage.

Section 6.6 Insurance.

A fixed base operator shall maintain the applicable types and amounts of insurance required by Article 4 for any of its activities which may be covered by such insurance.

Section 6.7 Monthly fees

1. Fixed base operators shall pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

2. Applicability and form -
   A. The above-referenced fees are not in lieu of any transaction privilege taxes or other taxes.
   B. Forms acceptable to the City's accounting office and/or the Airport Manager shall accompany all payments due to the City.

ARTICLE 7. SPECIALIZED AVIATION SERVICE OPERATIONS

Section 7.1 Hangar/shade leasing services.

A hangar/shade leasing services operator means a person engaged in the business of leasing, renting or licensing hangars/shades to based aircraft owners or operators solely for aircraft storage purposes for terms of no less than 30 days duration. A hangar/shade leasing services operator may engage in the business of constructing and operating hangars/shades to be leased.

A hangar/shade leasing services operator shall comply with the following minimum standards:

1. A hangar/shade leasing services operator shall lease sufficient land to accommodate the proposed number of hangars/shades and ramp area (based on a one to one (1:1) ratio and including but not limited to any FAA specified dimensions for aircraft operations) entirely within the leased premises.
2. The construction plans and specifications for any hangars/shades to be constructed, including minimum hangar/shade sizes and architectural design plans, is subject to the written approval of the City.
3. A hangar/shade leasing services operator leasing, renting or licensing hangars/shades in its operations shall maintain the types and amounts of insurance required by Article 4 for any of its activities which may be covered by such insurance.
4. A hangar/shade leasing service operator's hangars/shades shall include at least one (1) indoor ADA restroom for every thirty (30) hangar/shade facilities for the use by operator's lessees, and appropriate office space for the operator's employees.
5. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.2 Aircraft sales or leasing services.

An aircraft sales or leasing services operator means a person engaged in the sale, brokerage or leasing of new and/or used aircraft and shall:

1. If conducting sales services, maintain an approved Aircraft Dealers Certificate from the State of Arizona.
2. At all times maintain in effect the types and minimum amounts of insurance specified in article 4, for any of its activities at the airport which may be covered by such insurance.
3. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.3 Aircraft maintenance and repair services.

An aircraft maintenance and repair services operator means a person providing one or more of the following services: airframe, engine or accessory overhaul; repair services on aircraft, including jet aircraft and helicopters; and sales of aircraft parts and accessories. An aircraft maintenance and repair services operator shall:

1. Lease or sublease from a bona fide airport commercial tenant or the City sufficient land or sufficient space to accommodate the proposed operations.
2. Provide office space, hangar/shade facilities, a paved aircraft parking apron, an adequate number of paved automobile parking spaces for its customers, a public lounge and waiting room and public ADA restrooms on its premises.

3. Provide sufficient shop space, equipment, supplies and availability of parts as required to perform the work being done.
4. Either: (1) employ and have on-duty during normal business hours at least one person who is currently certified by the FAA with ratings appropriate to the work being performed and who holds an appropriate FAA certification for service(s) being provided; or (2) maintains a current FAR Part 145 Certificate.
5. Not conduct restricted activities or business activities at any time inside hangars/shades or other structures not approved for such function. Specific lease agreement and/or City fire codes shall determine what hangars/shades or other structures shall be approved for maintenance activities.
6. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport which may be covered by such insurance.
7. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.4 Aircraft rental services.

An aircraft rental services operator means a person engaged in the rental of aircraft to the public. An aircraft rental services operator shall:

1. Lease or sublease from a bona fide airport commercial tenant or the City a minimum of 100 square feet of office space and public ADA restrooms on its premises.
2. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport which may be covered by such insurance.
3. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.5 Flight instruction and examination services.

A flight instruction or examination services operator means a person engaged in instructing or conducting evaluations of persons as is necessary for the categories of pilot's licenses and ratings involved. A flight training services operator shall:

1. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport which may be covered by such insurance. Technical Specialists providing these services are exempt from the insurance requirements.
2. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.
3. Technical Specialists providing Examination Services are exempt from requirements of Article 4 and are exempt from the permit fees adopted by City Council.

Section 7.6 Specialized aircraft services and sales.

A specialized aircraft services operator means a person engaged in the business of servicing aircraft components with the exception of those services specified in Section 7.3. A specialized aircraft services operator may sell new or used parts and components necessary for such activities. A specialized aircraft services operator shall:

1. Lease or sublease from a bona fide airport commercial tenant or the City sufficient land or space to accommodate the proposed activities.
2. Provide or have access to an adequate number of paved automobile parking spaces for its customers, a public lounge or waiting room and public ADA restrooms on its premises..

3. Employ or contract with at least one person who is currently certified by the FAA appropriate to the services offered.
4. Not conduct restricted activities or business activities at any time inside hangars/shades or other structures not approved for such function. Specific lease agreement and/or City fire codes shall determine what hangars/shades or other structures shall be approved for maintenance activities.
5. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport which may be covered by such insurance.
6. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.7 Aircraft charter services.

An aircraft charter services operator means a person engaged in the business of providing air transportation of persons or property to the general public for hire on a charter basis as defined by the FAA under Part 121 or 135. Aircraft charter services may include the performance of aircraft management services as defined in these minimum operating standards, as long as all requirements of such services are met. An aircraft charter services operator shall:

1. Lease or sublease from a bona fide commercial airport tenant or the City a minimum of 1,000 square feet of office space and provide or have access to an adequate number of paved automobile parking spaces for its customers, a public lounge or waiting room and public ADA restrooms on its premises.
2. Provide flight crews properly certified for the aircraft operated, and the operator shall provide reasonable assurance of the continued availability of qualified operating crews.
3. Have and provide the City with, a current FAR Part 121 or 135 Certificate or provisional FAR Part 121 or 135 Certificate, as well as the aircraft identification page from the operating specifications listing all aircraft on the certificate.
4. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport which may be covered by such insurance.
5. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.8 Specialized commercial flying services

A specialized commercial flying services operator means a person engaged in air transportation for hire for any of the following purposes: nonstop sightseeing flights that begin and end at the airport, aerial photography or survey, powerline or pipeline patrol, air ambulance service, airborne mineral exploration, or any other operations specifically excluded from FAR Part 135. A specialized commercial flying services operator shall:

1. Lease or sublease from a bona fide airport commercial tenant or the City office space and provide or have access to an adequate number of paved automobile parking spaces for its customers, a public lounge or waiting room and public ADA restrooms on its premises as may be appropriate to the type of business activities.
2. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport which may be covered by such insurance.
3. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.9. Aircraft management services.

An aircraft management services operator means a person performing one or more of the following services in the management of another person's aircraft: pilot staffing, records management, and other aircraft-related services not including services detailed in any other sections contained herein. Aircraft management also encompasses the exercise of the privilege of FAR Part 91.501 on behalf of the owner and the brokerage of a qualified aircraft through a FAR Part 135 operator to the general public. Aircraft management does not include the control of, or operation of, aircraft under FAR Part 135. An aircraft management services operator shall:

1. Lease or sublease from a bona fide airport commercial tenant or the City office space as may be appropriate to the type of business activities with public ADA restrooms on its premises.
2. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport which may be covered by such insurance.
3. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.10. Mobile aircraft maintenance and repair services.

A mobile aircraft maintenance and repair services operator means a person providing maintenance and/or repair services at the aircraft based location or within a designated aircraft maintenance area on the airport including but not limited to those services identified in Section 7.3 and Section 7.6. A mobile aircraft maintenance and repair services operator shall:

1. Be currently certified or employ at least one person who is currently certified by the FAA with ratings appropriate to the work being performed and provide proof of such ratings and certificates to the Airport Manager upon request.
2. Not conduct restricted activities or business activities at any time inside hangars/shades or other structures not approved for such function. Specific lease agreement and/or City fire codes shall determine what hangars/shades or other structures shall be approved for maintenance activities..
3. Submit and receive approval from the airport manager to provide Mobile Aircraft Maintenance and Repair and shall provide:
   A. Name of individual/company conducting services, contact name, address, phone number, and Tax Identification Number.
   B. The operator shall maintain a complete list of individuals/companies contracting for maintenance/repair services and all aircraft worked on, including the date and location that service was provided, aircraft owner and associated contact information, FAA registration number, and make and model of aircraft for a period of twelve (12) months. The list shall be provided to the Airport Manager upon request.
4. Operators must properly dispose of any waste material generated through providing services. At no time are waste materials to be disposed of in storm water drainage or dirt/grass areas.
5. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport that may be covered by such insurance, and provide proof of such insurance to the Airport Manager upon request. Technical Specialists providing these services are exempt from the insurance requirements.
6. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.11. <u>Mobile aircraft washing services</u>

Mobile aircraft washing services operators engage in the cleaning, detailing and/or washing of aircraft either for the general public or for individual businesses. Aircraft washing is restricted to designated wash rack/pad areas and/or other areas permitted under an Approved Washing Plan (AWP) and shall be performed in accordance with the airport rules and regulations and the Airport Storm Water Pollution Prevention Plan. Operators providing mobile aircraft washing services shall meet the following standards:

1. Submit and receive approval of an aircraft washing plan that contains the following information:
   A. Name of individual/company conducting washing services, contact name and phone number.
2. A detailed description of washing method/operation, including the following details:
   A. Wash water containment method(s), (ramp scrubber, berms, containment boom, tarps, dry, etc.)
   B. An estimate of the amount of water used per wash and frequency of operation,
   C. Name and amount of chemical(s) used per wash, And
   D. If "dry" washing or waxing/coating operations are conducted, provide affirmation that tarps, vacuum system and/or sweeping will be used to collect residual material for its proper disposal and to protect the ramp (if applicable). Operators must properly dispose of "dry" wash materials and/or residual waste.
   E. Material Safety Data Sheets (MSDS) for all chemicals to be used.
3. If washing is conducted outside of designated wash rack/pad, indicate the method of disposal of retrieved wash/waste water. If water is to be disposed of on airport property the following steps shall be taken:
   A. Disposal of wash/waste water shall be done through an oil/water interceptor into the sanitary sewer system. At no time is wash/waste water to be disposed of in storm water drainage or dirt/grass areas.
   B. Approval for the discharge of wash/waste water on airport property shall be obtained from the Airport Manager. An approval letter shall be included in the AWP, and be accessible on-demand each time disposal is conducted on airport property.
   C. A copy of the AWP shall be on wash site at all times while aircraft washing activities are performed, and shall be accessible to the Airport Manager on-demand.
   D. The aircraft washing services operator shall maintain a complete list of individuals/companies contracting for washing services and all aircraft washed during each month, including the date that service was provided, aircraft owner (if available), FAA registration number, and make and model of aircraft for a period of twelve (12) months. The list shall be made available to the Airport Manager upon request.
4. A mobile aircraft washing services operator shall at all times maintain in effect the types and minimum amounts of insurance, and contain provisions cited herein for any of its activities at the Airport that may be covered by such insurance specified in Article 4.
5. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.12. <u>Airport rental car concession services</u>.

An airport rental car concession services operator means a person providing rental car services at the airport. An airport rental car concession services operator shall:

1. Have an airport lease, license, permit or agreement in effect with the City or bona fide tenant with public ADA restrooms on its premises.
2. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport that may be covered by such insurance.
3. Employ and have on duty sufficient personnel during normal business hours.
4. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.
5. Automobiles are considered rented at Prescott Airport (and, therefore require payment of fees) if:
   A. The automobile is delivered to the customer at the airport; or
   B. The customer is picked up or dropped off on Airport Property by the permittee; or
   C. The rental agreement is entered into at the airport even though the automobile is delivered elsewhere; or
   D. The automobile is returned from the customer (picked up by permittee) at the airport; or
   E. A vehicle rented at the airport is exchanged for another vehicle at any location within twenty-five (25) miles of the Prescott Airport for a time-period running consecutively with the original rental agreement.

Section 7.13. Aircraft brokerage services.

A charter brokerage services operator means a person brokering another person's aircraft for use in charter operation or filling seats in an aircraft for purposes of charter operation. Charter brokerage service does not include the control or operation of aircraft under FAR Part 135. A charter brokerage services operator shall:

1. At all times maintain in effect the types and minimum amounts of insurance specified in Article 4, for any of its activities at the airport that may be covered by such insurance.
2. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

Section 7.14. For Profit Flying clubs.

A for profit flying club is an entity or organization organized solely for the purpose of providing its members with one or more aircraft for their personal use and enjoyment. A for profit flying club shall meet the following standards and shall comply with these minimum standards:

1. At the time of applying for a lease, license, permit or agreement with or from the City to operate a flying club at the airport, the club shall furnish the Airport Manager with:
   A. A copy of its articles of incorporation, if the club is a corporation;
   B. A copy of its articles of organization, if the club is a limited liability company;
   C. A copy of its certificate of limited partnership, if the club is a limited partnership;
   D. A copy of its partnership agreement, if the club is a general partnership;
   E. A copy of the club's roster or list of members, including names of officers and directors;
   F. A description of all aircraft to be used in the club activities;
   G. Evidence of ownership of such aircraft; and
   H. Any operating rules of the club.
2. The club books and records shall be made available for inspection by the Airport Manager upon request. The club shall update its roster or list of members twice annually and provide

the Airport Manager with such updated roster or list no later than June 30 and December 31 of each year.

3. All aircraft used by the club shall be owned by the club or leased exclusively by written agreement to the club, and all ownership or lease rights to such aircraft must be vested on a pro-rata basis in all of the club's members.
4. The property rights of the club members shall be equal, and no part of any revenues received by the club shall inure to the direct benefit of any member (e.g. by salary or bonus).
5. The club shall not derive greater revenue from the use of its aircraft than the amount necessary for the operation, maintenance and replacements of its aircraft and facilities.
6. The club's aircraft shall not be used by anyone other than the club's members and shall not be used by anyone for hire, charter or air taxi. Flight instruction may be given in club aircraft, but only by one club member to another club member. The club member providing the flight instruction may be compensated by credit against payment of club dues or flight time.
7. The club and its members are prohibited from leasing, selling, trading or bartering any good or service to or with any non-members of the club, except that a club may sell or exchange its aircraft and equipment for replacement or liquidation purposes.
8. The club shall at all times maintain in effect the types and minimum amounts of insurance specified in Article 4 of these Minimum Operating Standards for any of its activities at the airport which may be covered by such insurance.
9. Pay fees as adopted by City Council as may be applicable and prescribed by lease, license, permit or agreement.

APPENDIX A

INSURANCE REQUIREMENTS

General - Per Article 4

1. Commercial General Liability – Occurrence Form – Policy shall include bodily injury, property damage and broad form contractual liability coverage:

A. General Aggregate	$2,000,000
B. Products – Completed Operations Aggregate	$1,000,000
C. Personal Advertising Injury	$1,000,000
D. Each Occurrence	$1,000,000
E. Fire Legal Liability (Damage to Rented Premises)	$ 100,000

2. Commercial/business automobile liability insurance for all owned, non-owned, leased and hired vehicles assigned to or used in performance of commercial aeronautical activities in the amount of a least $1,000,000 per occurrence. If any hazardous material, as defined by any local, state or federal authority, is the subject, or transported, in the performance of this contract, an MCS 90 endorsement is required providing $5,000,000 per occurrence limits of liability for bodily injury and property damage.
3. Special Causes of Loss Property Form covering all improvements and fixtures on the commercial operator's premises in an amount not less than the full replacement cost thereof, to the extent of the commercial operator's insurance interest in the premises.
4. Builder's Risk Insurance -- for those situations involving a ground lease, where the lessee will construct a building or other tenant improvements.
5. Coverage for Lessee's tenant Improvements — Replacement Value
6. Coverage for building — Replacement Value
7. All risk property insurance – if the lessee is leasing an existing City facility where they are the "sole" occupant", this insurance will be required on the building and the lessee's contents
8. Property insurance shall be written on an all risk, replacement cost coverage, including coverage for flood and earth movement.
9. The City of Prescott shall be named a loss payee on property coverage for tenant improvements
10. If property coverage on building is required, "The City of Prescott shall be named as a loss payee.
11. Worker's Compensation Insurance -- Statutory and Employers Liability Insurance in the amount of $1,000,000 per accident, $1,000,000 disease per person, $1,000,000 disease policy limit.
12. Aircraft liability insurance in the amount of at least $1,000,000 per occurrence single limit Bodily Injury and Property Damage Liability including Passengers.
13. Hangarkeeper's liability insurance in the amount of at least $3,000,000 per occurrence, or more as values require. City reserves the right to adjust the minimum insurance requirement

based on individual facility size and type of aircraft serviced, with written approval from the City of Prescott's Risk Management Office.

14. Fueling products-completed liability insurance in the amount of at least $5,000,000 per occurrence.
15. If applicable, Lessee shall maintain Environmental Impairment Liability coverage for any fuel storage facility, tank, piping, ancillary equipment, containment system or structure used, controlled, constructed or maintained by Lessee in the amount of $1,000,000 Each Incident, $2,000,000 Aggregate. This policy shall cover on-site and off-site third party bodily injury and property damage including expenses for defense, corrective action for storage tank releases and tank clean up for storage tank releases.
16. All insurance policies cited herein shall contain a waiver of subrogation rights endorsement with respect to the City.
17. All insurance policies shall not contain any restrictions of coverage with regard to operations on or near airport premises.
18. Insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.

Exceptions -

Fixed Base Operators (FBO) –

The operator shall at all times maintain, as a minimum amount, commercial general liability insurance in the amount of at least $5,000,000 per occurrence, $5,000,000 products-completed operations, $5,000,000 hangarkeeper's, and $5,000,000 annual aggregate.