

# Leesburg International Airport Leasing Policy

February 2013

## I. PURPOSE

Leesburg International Airport (KLEE) serves as an important economic, recreational and transportation asset for the City of Leesburg (“City”), the State of Florida (documented in the Florida Department of Transportation Aviation System Plan), and the United States Department of Transportation (as defined in the National Plan of Integrated Airport Systems). To promote and make the best use of this asset the City of Leesburg has adopted this leasing policy for Leesburg International Airport. The purpose of this policy is to:

1. Encourage and support needed and desirable aviation services at KLEE;
2. Foster growth of both aviation and non-aviation development (where appropriate) on Airport property;
3. Promote market rents that are intended to make the Airport as financially self-sufficient as possible; and,
4. Comply with FAA and State obligations, policies and regulations.

The City of Leesburg recognizes that leasing airport land and facilities is both a regulated and complex process. In addition to ensuring fairness and consistency to tenants, Federal and State grant assurances and requirements must be adhered to. By adopting this leasing policy the City of Leesburg has endeavored to provide a framework to negotiate, implement, and administer Airport leases that are fair, consistent and in compliance with Federal and State grant obligations.

Within the overall framework of this leasing policy are various elements that provide for:

- Evaluating and approving tenant proposals and applications;
- Rate Setting;
- Federal and State Compliance;
- Fairness and consistency in the leasing of airport property and facilities; and
- Making the airport available for public use on fair and reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical use.

## II. DEFINITIONS

Aeronautical Activity - Any activity which involves, makes possible, or is required for the operation of aircraft or which contributes to, or is required for, the safety of such operations and shall include, all activities commonly conducted at Airports such as charter operations, pilot training, aircraft rental, sightseeing, aerial photography, crop dusting, aerial advertising, surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products (whether or not conducted in conjunction with other included activities), repair and maintenance of aircraft, sale or maintenance of aircraft parts accessories radio or communication and navigation equipment, flying clubs, commercial skydiving, ultra-light aircraft operations and any other activity which, because of its direct relationship to the operation of aircraft, can appropriately be regarded as an “aeronautical activity.” **Special Note:** For purposes of recognition, use and simplicity, the word “aviation” may be substituted for “aeronautical” wherever the latter is used within this policy.

Airport - The Leesburg International Airport, operated by the City of Leesburg, Florida.

Airport Advisory Board – An advisory board created to advise the Leesburg City Commission and the City Manager or his/her designee on all matters affecting the Leesburg International Airport, including but not limited to safety, security, emergency planning, airspace, runway protection zone encroachments, capital

improvements projects, hangar construction and operation, businesses operating at the airport, and coordination with the state aviation system plan, the Federal Aviation Administration, the Federal Communications Commission, the St. Johns River Water Management District, the U. S. Army Corps of Engineers, the board of county commissioners of Lake County and such other planning and coordination efforts as may be necessary to the safe, efficient and proper operation, maintenance and expansion of the Leesburg International Airport.

Airport Commercial Lease - A Lease with a Commercial Operator for a nonexclusive right to conduct a specified commercial activity at the Airport.

Airport Layout Plan (ALP) - The Airport Layout Plan, and associated aeronautical surveys, drawings, depictions and other attachments as approved by the Federal Aviation Administration (FAA), and as amended from time to time.

Airport Manager - The City Manager or his/her designee who has direct supervisory and functional responsibility for the operation and maintenance of the Airport, including those duties further expounded upon in Section III of this Policy .

Airport Tenant - Any person, group of people, firm, corporation or organization leasing property or facilities at the Airport under a valid Lease.

Building - Any existing or planned structure or appurtenance, including hangars, which is located on Airport property and has been approved by the Airport Manager and the City.

Commercial Activity - Any activity undertaken for the purpose of securing earnings, income, compensation, or profit, whether such objective or objectives are accomplished or not.

Commercial Aircraft - Any aircraft used in the conduct of any commercial activity.

Commercial Operator - Any person, group of people, firm, corporation or organization having a nonexclusive right to conduct a specified commercial activity (whether aeronautical in nature or not) on Airport property.

Commercial Tenant - Any person, group of people, firm, corporation or organization conducting a commercial activity on Airport property under the terms of an approved lease with the City.

Exclusive Right - A power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. (Note: Exclusive rights are specifically prohibited in the Airport's grant assurances.)

Fixed Base Operator (FBO) - Any person, group of people, firm, corporation or organization (including general or limited partnerships) leasing or using any land or facility at the Airport for the purpose of providing, or engaging in, the following range of activities: Aircraft fueling; Aircraft line services; Aircraft oxygen and lavatory services; Aircraft sales; Airframe and power plant maintenance; Aircraft storage (including tie-downs); Passenger, crew and aircraft ground services; Pilot supplies, support and amenities; Flight briefing capabilities, including weather; Access to limousine services and rental cars; Courtesy vehicles.

Lease - A legally binding agreement between the City and a Tenant for the latter's use of specified facilities and/or property on the Airport.

Airport Master Plan – The most recent Airport master plan as approved by the City, the State, and the Federal Aviation Administration, and as may be updated from time to time.

Minimum Standards - Any qualification or criteria that have been established by City as *minimum* requirements that must be met as a condition for the right to conduct a *commercial aeronautical activity* on the Airport, as now existing or hereafter amended.

Premises – Term used to refer to land, buildings and/or structures which are occupied or used in some fashion by a tenant, business or member of the general public.

Sublease – A legally-executed agreement between a person, group of people, firm, corporation or organization and an existing Airport tenant and approved by the City Commission, which allows a portion of the tenant’s property or premises to be occupied or used by the other party (see Section XI for additional clarification).

Sub-Tenant - A person, group of people, firm, corporation or organization occupying Airport property under an approved sublease with an existing Airport tenant.

Through the Fence Operation - Access to the Airport which is made available to aircraft based on privately-owned land adjacent to, but not part of the Airport.

### **III. AUTHORITY OF THE CITY**

The City of Leesburg is the legally-designated owner, operator and sponsor of Leesburg International Airport. Day-to-day operations of the Airport are normally handled by the Airport Manager, who reports directly to City Management.

All leases and subleases, including amendments thereto (other than those exceptions specifically noted herein) require the approval of the City Commission of the City of Leesburg. In its capacity as the legislative and governing body of the City of Leesburg, the City Commission has the right to:

1. Impose and update from time-to-time fair and reasonable operating requirements and standards for commercial and non-commercial activities that are conducted on Airport property.
2. Impose and adjust from time-to-time fair and reasonable fees, rents or other charges for the privilege of conducting commercial and non-commercial activities upon Airport property, the proceeds of which are to be used to fund the operating, maintenance, and development expenses of the Airport. The rates and fees charged by the Airport are to be structured to make the Airport as financially self-sustaining as possible.

No person, group of people, firm, corporation or organization shall conduct a commercial activity of any type within the boundaries of the Leesburg International Airport (**see Attachment A**) without the written approval of, or under the specific terms and conditions of, a lease agreement or other operating agreement with the City of Leesburg, and when necessary, approval from the Federal Aviation Administration.

The Airport Manager shall at all times have the authority to take those necessary and legal actions which are required to ensure compliance with:

- Existing leases, licenses, permits, and other written agreements between the City and persons or businesses at the Airport, including (when necessary) the initiation of lawsuits or evictions to enforce a lease.
- This policy, and such other policies, rules or regulations established by the City Commission, the Federal Aviation Administration, or any other agencies having jurisdiction over the Airport and operations conducted thereon.
- Those temporary restrictions established in accordance with a federal, state, or city mandated activity or plan, or which may be necessary to safeguard people, aircraft, equipment or property at the Airport.

- Those responsibilities levied on the City by the federal or state government with regards to airport operations or management.

The Airport Manager may authorize interim or emergency agreements allowing occupation or use of city-owned property, improvements and infrastructure by appropriate public agencies. Examples of situations that may call for such agreements are military or law enforcement activities and the temporary occupation of Airport areas by government agencies during natural disasters, or aircraft accident investigations.

#### **IV. USE OF AIRPORT PROPERTY**

Land uses on the Airport are described in the Airport Master Plan and Airport Layout Plan (ALP), which have been developed and are periodically updated along with other associated environmental impact documents with input from the FAA, FDOT, airport users, and the local community. These documents are intended to serve as a guide to Airport staff and City Management when making recommendations to the City Commission regarding the terms and approval of Airport leases. Subject to appropriate coordination, review and approval by the FAA, the City of Leesburg reserves the right to determine the most appropriate use for any section of land or building that is located within the boundaries of Leesburg International Airport. The City Commission may authorize an interim use on Airport property if the highest and best use of the property is delayed due to market conditions. In general, interim uses do not qualify to be considered for long-term leases.

#### **V. CONSIDERATION OF LEASE REQUESTS**

Airport property is generally leased on a first come, first served basis. However, tenants in good standing whose property adjoins a parcel available for lease (whether vacant or developed) will be given the first opportunity to lease the adjoining parcel. If multiple parties are interested in leasing an available parcel of Airport property, the City may decide to seek competitive proposals after establishing a starting rent using an appraisal process or market analysis to set market value. If the City chooses to solicit competitive proposals for an available parcel, Staff will review and rank the proposals in accordance with this policy, and the City Commission will make the final selection.

Unless specifically exempted in Section VI or elsewhere in this policy, all persons or businesses seeking to become tenants at Leesburg International Airport must first submit a fully completed written application to the Airport Manager, together with any additional information which may be requested by the Airport Manager, City Management or City Commission.

Lease requests will be reviewed and evaluated according to the stipulations outlined in this Policy, and in terms of whether the proposed use conforms to each of the following overarching goals:

1. The use is shown to be appropriate and consistent with the ALP, Master Plan, and other relevant land use planning documents that pertain to the Airport.
2. The use does not constitute a violation of any Airport Grant Assurances which have been incorporated within a Grant Agreement entered into between the City of Leesburg and the FAA or the Florida Department of Transportation.
3. The use complies with all requirements and provisions contained in the adopted policies, procedures and standards of Leesburg International Airport and the City of Leesburg.

The information contained in the lease request should provide sufficient detail to enable the City to adequately determine a potential tenant's financial standing, their ability to undertake construction in a timely manner (if the tenant is going to build on a vacant parcel), their ability to provide the services to the general aviation public or commercial aviation industry (if the tenant is an aviation-related business) which are described in the

proposal, and the amount of investment in and the overall appearance of the facilities that are to be constructed or leased by the tenant.

## **VI. LEASE APPLICATION PROCESS (Including Subleases and Assignment of Leases)**

*(Note: Parties wishing to rent tie-downs, shade hangars, T-hangars or space in one of the Airport's Corporate Block hangars solely for short-term (e.g. month-to-month or year-to-year) storage of aircraft, and who do not desire or need significant leasehold improvements or other special accommodations, are exempt from the following requirements and do not require City Commission approval of their lease.)*

Any person, group of people, firm, corporation or organization desiring to conduct a commercial activity of any type within the boundaries of Leesburg International Airport must first secure written authorization from the City of Leesburg to do so. Written authorization from the City is typically provided in the form of a lease for building space or land area, but may also be in the form of an appropriate permit allowing the activity in question to be conducted for a given period time on Airport property.

The process for obtaining authorization for a commercial activity from the City begins with an applicant submitting a written proposal, or Lease Application, which details the type of operation(s) being proposed. Depending on the term of the lease being sought, or the size, scope and complexity of the commercial activity, an applicant may be requested by the Airport Manager to provide some or all of the following information. In general, longer term lease requests will require more information than shorter term requests. The Lease Application should include the following:

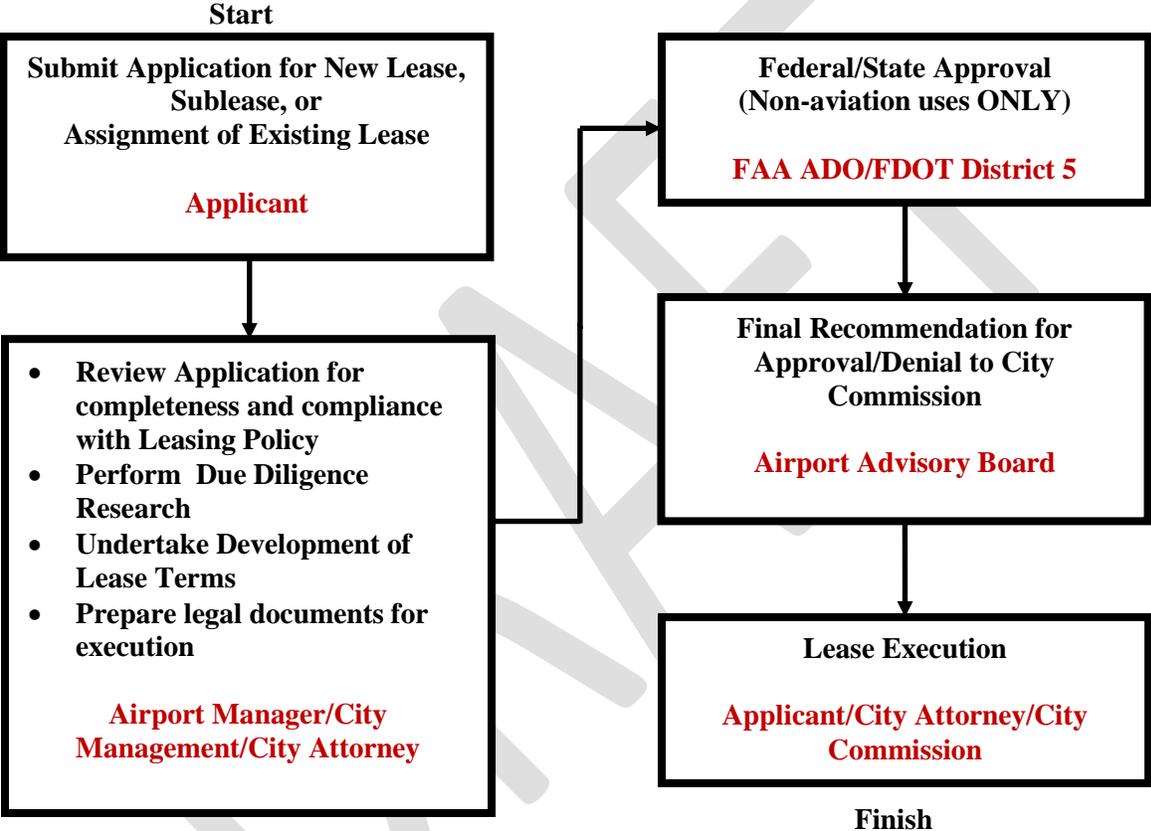
1. A cover letter from the Applicant identifying the name of the business, a description of the services or products to be provided, and the primary firm contact.
2. A short description of the proposed commercial activity with sufficient narrative to adequately explain the benefits of the activity to the Airport and local community.
3. A business plan that provides sufficient detail about the commercial activity being proposed.
4. The names and contact information (mailing address, phone numbers, email, etc.) of all parties owning an interest in the business and those that will be directly responsible for the day-to-day management of the business.
5. The amount and location (if known) of vacant property that the tenant desires to lease (accompanied by a map showing the location of the property in question).
6. The type of facilities which are to be constructed, purchased, or leased (whichever is relevant).
7. The purchase price of existing facilities (where relevant).
8. The services to be offered, proposed hours of operation, projected employment broken down by number of permanent and temporary employees, full-time and part-time positions, job titles, average wage or wage scale anticipated to be paid, and the number of aircraft (if any) that are to be based and/or operated at Leesburg International Airport in conjunction with the business.
9. Evidence of financial capability to provide the services and facilities proposed (this may extend to providing a current financial statement and/or tax returns for the previous 3 years).
10. Evidence demonstrating a history of satisfactory performance of a similar commercial activity at other sites (preferably airports), including dates and location. Record of any insolvency or bankruptcy proceeding in any past business relationships over the past 10 years.
11. Aeronautical qualifications, including years of experience in the proposed operation, past experience in other related activities, and four professional references.
12. Other information the City may require and specifically request.

(Exhibit "C" included at the end of this Policy document provides one example of a proposal which addresses some of the information the City is seeking from an applicant. This example is provided solely for general information purposes, and is not considered the only format which an applicant may use to present information within their proposal.)

The diagram shown in Exhibit “A” that follows delineates the steps that an applicant typically proceeds through as part of the process to have a lease approved by the City Commission. Many of these steps are discussed in greater detail elsewhere in this policy. Depending on the size, scope and complexity of the commercial activity that is being proposed for a given parcel of land or facility, the time-frame to complete the entire application process can vary from four to eight weeks.

**Exhibit A**

**LEASE APPLICATION / PROPOSAL PROCESS  
(Typically Spanning 4-8 Weeks\*)**



\*Assumes that no reviews and/or approvals are needed from outside agencies.

## **VII. LEASE PROPOSAL REVIEW**

Following receipt of an application to lease or sublease Airport land or facilities, or for an Assignment of Lease, the Airport Manager will evaluate the submitted proposal for completeness against the criteria outlined in Section V. The Airport Manager will also perform a background investigation relative to the applicant's criminal history, credit worthiness and past business performance. The Airport Manager will forward the results of the background investigation along with the applicant's proposal (if complete) to City Management for further review and action. Incomplete proposals will be returned to the applicant.

Following review by City Management, applications may be denied for one or more of the following reasons:

1. The application does not comply with or meet the provisions of this policy.
2. The applicant or their proposed operations fail to meet the qualifications, standards and requirements enforced by the City.
3. The applicant's proposed operations or construction activities will create a safety or security hazard.
4. The granting of the application will require unauthorized expenditure of City funds, labor or materials on the land or facilities described in, or related to, the application.
5. The operation is unlikely to provide the minimum rate of return specified in Section VIII of this Leasing Policy.
6. There is no appropriate or adequate available space or facilities on the Airport property to accommodate the activity of the applicant.
7. The proposed operation, Airport development or construction contemplated does not conform to the approved Airport Layout Plan or Airport Master Plan.
8. The development or use of the area requested will result in a congestion of aircraft or buildings, or will result in excessive interference with the operations of other existing tenants on the Airport, such as preventing free access and egress, or will result in depriving, without adequate compensation, an existing tenant the use of portions of their leased area.
9. A party applying, or having an interest in the business, has supplied false information, or has misrepresented a material fact in the application or in supporting documents, or has failed to make full disclosure on the application.
10. A party applying, or having an interest in the business, has a record of violating the rules and regulations of Leesburg International Airport, or those of any other airport, or the rules and regulations of any State or Federal Agency.
11. A party applying, or having an interest in the business, has defaulted in the performance of any lease or other agreement with the City of Leesburg or any lease or other agreement at any other Airport.
12. A party applying, or having an interest in the business, is not sufficiently credit worthy and responsible in the judgment of the City to provide and maintain the business to which the application relates, and to promptly pay amounts due under its lease with the City.
13. The applicant has committed a crime, or violated a local ordinance, rule, or regulation, which adversely reflects on its ability to conduct the operation applied for, or otherwise renders applicant unsuitable.
14. Any other reason that would result in an activity deemed not consistent with Airport policy, or not to be in the best interest of the City of Leesburg and/or the Florida Aviation System.
15. The applicant proposes a new "Through the Fence" operation.

## **VIII. LEASE RATES, LEASE TERMS AND PREPARATION OF LEASE DOCUMENTS**

### **A. Lease Rates - Determination**

DOT/FAA guidelines require that Leesburg International Airport be as financially self-sustaining as possible. Whenever possible rental rates for unimproved Airport land or existing hangars and related facilities used for commercial aviation activities are to be set so as to return a minimum 10% annually of the market value of the property in use. In an effort to stimulate economic development, support aviation industry growth, and

encourage airport property development, the City may consider a reduced rate of 8% of market value for the following property uses:

1. Large Scale Development (5 acres or more);
2. Aeronautical Manufacturing;
3. Substantial aviation-related educational facilities (such as a certified Part 147 A&P Training Program or a Part 141 Flight Training Program);
4. Any commercial business that creates and maintains 10 new jobs that pay, on average, no less than 115 percent of the average annual wage for Lake County.

Rental rates for certain non-aviation commercial uses, such as restaurants, hotels and rental car facilities may be based, when appropriate, on operating fees or a percentage of the Lessee's gross income derived from the use of Airport property.

Market value will be determined through an appraisal or market analysis of comparable parcels or structures undertaken by the City, from which a rental rate will be negotiated to achieve the City's intended return. A rate adjustment based on the Consumer Price Index–Urban (CPI-U) for the southeast US region will be applied to leases on either an annual or biennial basis between appraisals to facilitate parity between new and longstanding tenants.

Non-profit clubs and organizations are required to enter into a lease with the City prior to basing offices, facilities, personnel, or aircraft at the Airport. The lease agreement shall include those terms and conditions under which the club or organization may operate. Only clubs or organizations possessing a 501(c) (3) tax exemption from the Internal Revenue Service, or which are registered as a Florida non-profit corporation, may be based at the Airport.

#### **B. Lease Term - New Leases and Expiring Leases**

1. All leases. At the expiration of an existing commercial lease or at any time during the tenure of the lease, the current Lessee (or a potential buyer of Lessee's interest in the lease) may submit a request to the City for a new or revised lease to be executed, or to have the term of their lease reevaluated. The City is not obligated to approve such a request, but will give serious consideration to doing so when it has been shown that:
  - a. The Lessee is in good standing (i.e., compliant with existing lease terms and conditions);
  - b. The City has determined that there is no immediate need to use the property for other aviation-related purposes when the current lease expires;
  - c. The existing/proposed property use is consistent with the Airport ALP, Master Plan, and other relevant land use planning documents;
  - d. The Lessee can demonstrate that they are willing and able to optimize the use of Airport property to the City's full satisfaction;
  - e. The Lessee has made additional investments in leasehold improvements or created additional new positions that exceed any requirements that were originally specified in their lease agreement with the City.
  - f. The interests of the public and the community as a whole are best served by the Lessee's continued presence on Airport property.

The standard lease term will be not more than 5 years for new aviation leases.

2. Long-term leases: Economic development considerations. The City of Leesburg recognizes that allowing commercial tenants to amortize their investments over a longer period of time can encourage further investment in Airport property. To this end, the City will consider entering into a lease with a term up to the maximum limit allowed by FDOT or the FAA (the more restrictive limit applying) in

those instances where a potential tenant has demonstrated to the City's satisfaction that they are prepared to make a significant investment in one or more of the following areas:

- Make a significant initial capital investment in new construction on the property.
- Make a significant capital investment in existing leasehold improvements.<sup>1</sup>
- Create (and maintain) a significant number of new jobs, at higher-than-average wages.<sup>2</sup>
- Make a significant investment in the extension of public infrastructure that will benefit the Airport as a whole (i.e.: roads, water, sewer, navigation aids, etc.).

The actual term of a lease (in years) will be determined using information supplied by the applicant correlating to each of the following inputs:

- a. The value (in terms of dollars) the tenant is prepared to invest in new construction and/or improvements to existing aviation or commercial facilities located on the property.
- b. Fifty percent (50%) of the actual purchase price of existing facilities located on the property that the applicant intends to purchase from the previous tenant.
- c. The value (in terms of dollars) the tenant is prepared to invest in Airport infrastructure.
- d. The total number of new employees the company intends to hire over the next five years.
- e. The average wage that will be paid to the tenant's new workforce.

**A matrix**, two examples of which are shown in Exhibit "B," has been developed using nationally recognized IMPLAN software to assist City staff in calculating the economic impact that dollars invested, employees hired, and average employee wage will have on the City's local economy. City staff will insert the inputs provided by the applicant (dollars invested, employees hired, and average employee wage) into the IMPLAN matrix to calculate the maximum term which the City will consider for a given lease or lease extension request. (**Note:** for simplicity, dollar values associated with inputs "a", "b" & "c" above will be combined into one figure.)

The term of a lease developed using this methodology shall be structured to include review/adjustment provisions that allow the City to extend or reduce the term length by an amount proportionate to any underperformance over the life of the lease, or alternatively, to compensate the tenant for undertaking specified leasehold improvements or attaining certain documented employment goals that have been mutually agreed upon by both the City and the tenant and incorporated into the terms of the lease.

Long-term leases: Business retention considerations. The City of Leesburg recognizes the importance of retaining existing businesses that contribute substantially to the local economy. To this end, the City may consider entering into a new lease with an existing tenant for a term up to the maximum limit allowed by FDOT or the FAA (the more restrictive limit applying). The matrix described above will be utilized to determine the term, but in this case the number of employees and average wages may include existing positions. As indicated previously, the term of a lease developed using this methodology shall be structured to include review/adjustment provisions that allow the City to extend or reduce the term length by an amount proportionate to any underperformance over the life of the lease, or alternatively, to compensate the tenant for making specified leasehold improvements or attaining certain documented employment goals that have been mutually agreed upon by both the City and the tenant and incorporated into the terms of the lease.

### **C. Preparation of Lease Documents**

City of Leesburg leases are designed to protect the public interest and may contain more restrictive clauses than comparable private sector leases. The City intends to transfer to the Lessee the liabilities associated with possession and control of real property including, but not limited to, compliance with all federal, state and local laws as well as those regulations which pertain to storm water pollution prevention and the use, storage and disposal of hazardous materials.

City of Leesburg leases are typically prepared by City Counsel, and will contain provisions which outline the respective responsibilities and liabilities of the City as Lessor and the Tenant as Lessee. Lease documents in final form must bear the signature of the Lessee or their legally-designated agent before they may be submitted to the City Commission for review and approval. Lease language may be periodically updated to reflect changes in FAA regulations and real estate law.

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Exhibit B – Example 2

	A	B	C	D	F	G	H	I	J	L	M	N	O	P	R	S	T	U	V		
1	<b>Leesburg International Airport Economic Impact and Investment Model for Leases</b>																				
2																					
3			<b>INPUTS</b>																		
4	Dollars Invested																				
5	Direct Employees																				
6	Employee Average Wage																				
7	IMPLAN Industry Sales																				
8	IMPLAN Total Jobs																				
9	IMPLAN Total Economic Impact																				
10																					
11																					
12			<b>DOLLARS INVESTED</b>																		
13		<b>Minimum</b>	<b>Maximum</b>	<b>Points</b>																<b>ECONOMIC IMPACT SCORE</b>	
14		\$1	\$100,000	1	1	to	5	1													
15		\$100,001	\$250,000	2	2	to	10	2													
16		\$250,001	\$500,000	3	3	to	15	3													
17		\$500,001	\$750,000	4	4	to	25	4													
18		\$750,001	\$1,500,000	5	5	to	50	5													
19		\$1,500,001	\$2,500,000	6	6	to	75	6													
20		\$2,500,001	\$5,000,000	7	7	to	100	7													
21		\$5,000,001	\$7,500,000	8	8	to	150	8													
22		\$7,500,001	\$10,000,000	9	9	to	250	9													
23		\$10,000,001	\$20,000,000	10	10	to	500	10													
24			<b>\$750,000</b>	<b>4</b>						<b>20</b>	<b>4</b>						<b>SCORE</b>	<b>MAX LEASE (YRS)</b>			
25																					
26		<b>IMPLAN INDUSTRY SALES</b>																			
27		<b>Minimum</b>	<b>Maximum</b>	<b>Points</b>																<b>IMPLAN TOTAL ECONOMIC IMPACT</b>	
28		\$1	\$250,000	1	1	to	5	1													
29		\$250,001	\$500,000	2	2	to	10	2													
30		\$500,001	\$750,000	3	3	to	15	3													
31		\$750,001	\$1,000,000	4	4	to	25	4													
32		\$1,000,001	\$1,500,000	5	5	to	40	5													
33		\$1,500,001	\$2,500,000	6	6	to	60	6													
34		\$2,500,001	\$5,000,000	7	7	to	80	7													
35		\$5,000,001	\$10,000,000	8	8	to	100	8													
36		\$10,000,001	\$15,000,000	9	9	to	250	9													
37		\$15,000,001	\$20,000,000	10	10	to	1000	10													
38			<b>\$11,248,594</b>	<b>9</b>						<b>35</b>	<b>5</b>						<b>SCORE</b>	<b>MAX LEASE (YRS)</b>			
39																					

**IX. Maintaining Premises According to Airport Standards a Requirement for Leasing Airport Property or Premises**

Tenants at Leesburg International Airport who fail to maintain their premises in a condition and state of appearance that is clean, safe and attractive will not be eligible to continue leasing any Airport property or facilities upon termination of their current lease. Among items that Airport and City Management will evaluate in response to a request from a tenant for a new lease are the condition of the siding and exterior finish of the tenant's facilities, the condition of roofing, doors (including hangar doors), structural framing, apron pavement, lighting, electrical systems, fire protection and sprinkler equipment (if required), landscaping, drainage, signage, fencing, and parking areas (including pavement and striping). Aviation-related tenants who fail to comply with Airport and FAA standards by consistently using a substantial portion of their property ("substantial" meaning 33% or more of the usable square footage, whether under roof or not) for non-aviation purposes or uses outside the scope of their lease will not be granted any additional leases.

**X. Construction of Leasehold Improvements**

All leasehold improvements must be constructed in accordance with FAA and Leesburg International Airport guidelines, as well as all development standards and building codes adopted or enforced by the City of Leesburg or other governmental agencies exercising jurisdiction over the Airport.

**XI. Subleases**

With prior City approval, a tenant may sublease up to 75% of its leasehold to provide additional aviation-related services at the Airport. Tenants wishing to sublease to a third party must first submit a request in writing to City Management in accordance with Section V. Sublease requests will be reviewed against the parameters outlined in this Leasing Policy, and require City Commission approval. Subtenants must comply with all policies, rules and regulations which are applicable to other Airport tenants.

Airport tenants (such as FBO's) who as a normal part of their business operations rent hangar or ramp space for storage of individually-owned aircraft on a short- or long-term basis are not required to comply with this provision of the Leasing Policy.

**XII. Assignment of Lease**

Owners or tenants wishing to sell or transfer interest in their leasehold improvements at Leesburg International Airport must provide timely written notice (not less than 90 days) of a pending sale or Assignment of Lease to the Airport Manager and City Management, together with the information outlined in Section V or as may be required for review and consideration by the City Commission, the FAA or the Florida Department of Transportation.

The City will not approve an Assignment of Lease until the premises has been inspected and found to be in compliance with all applicable FAA and Airport policies, standards and regulations. The City will not approve any Assignment of Lease which would cause Leesburg International Airport to be in violation of its Grant Assurances. The party to whom the leasehold is assigned must comply with all policies, rules and regulations which are applicable to other tenants at Leesburg International Airport.

**XIII. Utilities**

Unless otherwise specified within the approved lease document, tenants and subtenants are responsible for the payment of all deposits, charges and/or fees associated with utilities that are provided to the leased premises.

**XIV. TAXES**

Leases will be written such that tenants and subtenants are responsible for payment of all sales taxes due on rent, as well as all personal property taxes assessed against Lessee's property kept on the premises, together with any ad valorem or intangible personal property taxes assessed against the leasehold interest.

**XV. REVERSION OF AIRPORT LEASEHOLDINGS**

Leases will be written such that the City will take possession of all facilities and permanent leasehold improvements made to a parcel of Airport property upon termination of a tenant's lease.

Construction improvements required under the terms of a lease that are incomplete by one or more deadlines specified within the lease may serve as grounds for early termination of the lease.

At the City's request, tenants can be required to perform a Phase 1 Environmental Audit at the tenant's expense before the City takes possession of the property to ensure that there are no environmental or hazardous waste issues attached to the property. In the event an environmental or hazardous waste issues is identified, the tenant shall take such steps as may be necessary and proper to remove the contamination from the site.

## **AERO SHADE TECHNOLOGIES, INC.**

### **1. DESCRIPTION OF BUSINESS**

AERO SHADE TECHNOLOGIES, INC. is a small engineering and manufacturing company specializing in Sun Protection Systems and related interior components for commercial, corporate and general aviation aircraft.

Our manufacturing policy consists in procuring all parts and services from specialized subcontractors, preferably locally situated, and to retain in house all design, final assembly and testing activities.

Our operation does not occasion any nuisance of any kind:

- . no air pollution
- . no noise
- . no discharge of contaminants
- . no storage of hazardous materials
- . no storage of fuel or flammable materials

### **2. COMPANY HISTORY AND BACKGROUND**

Our business, which was initially formed in 1987 in Simi Valley, California, under the name Dyna-Air Corporation, was moved to Fort Lauderdale, Florida in 1990 to take advantage of the lower manufacturing costs there and easier communication with European and South American clients.

In 1993, following a change in capital structure, the company took the name of Dyna Air Engineering Corp. and specialized in highly sophisticated aircraft engine lubrication system components. Due to its unique competitiveness in the market place, Dyna Air Engineering Corp was acquired by a large investor in the summer of 1999.

AERO SHADE TECHNOLOGIES, INC was formed at the end of 1998 in Fort Lauderdale, Florida by John Manchec, its present owner and CEO to develop interior accessories for aircraft flight decks.

The company managed to survive the aftermath of the 9/11 attacks and its disastrous effects on the aviation industry as a whole.

In summer 2004, AERO SHADE TECHNOLOGIES, INC. moved its operation to Vero Beach, Florida and was proposing to develop a new manufacturing facility in Sebastian when the financial crisis and subsequent credit restrictions obliged the company to establish alternate development plans.

### **3. AERO SHADE TECHNOLOGIES TODAY**

Due to its industrial philosophy, AERO SHADE TECHNOLOGIES has developed into a very efficient and dynamic entity catering to virtually all the world aircraft manufacturers

and airlines.

With only 10 employees at this time, many of them ex Piper Aircraft employees, the company generates revenues in excess of 1.5 million dollars annually with a very comfortable cash flow.

Our customers include:

. Embraer Aircraft	Sao Jose dos Campos, Brazil
. Gulfstream Aircraft	Savannah, Georgia, USA
. Israel Aircraft Industries	Tel Aviv, Israel
. Bombardier	Montreal, Canada
. Boeing	Seattle, Washington, USA
. Sukhoi Aircraft	Moscow, Russia
. Xian Aircraft	Xian, PRC

. American Airlines, Delta, United, USAir, SAS, JAL, Cathay Pacific, Air Canada, Saudi, Air France, etc.

AERO SHADE TECHNOLOGIES is in the process of obtaining the AS9100 (ISO 9001-2000) Quality Certification.

#### 4. AERO SHADE TECHNOLOGIES' DEVELOPMENT PLANS

Although the global financial crisis has negatively affected our ability to finance the construction of our new facility in Vero Beach, it had a very beneficial effect on our overall sales perspectives and market opportunities.

In effect, our policy has always been to offer quality products at below competition prices. And as the aircraft manufacturers are now struggling to reduce costs, they have turned to AERO SHADE to procure equivalent or better products at significant savings.

As an illustration of this tendency:

. our main customer, Embraer Aircraft, Brazil, has asked us to supply all the cockpit sun visors for their ERJ 170/190 programs which they were previously procuring from another source in Oregon. Furthermore, they have indicated that we would be the sole source of Sun Protection equipment for their new line of mid-size jets.

. Gulfstream of Savannah, Georgia has recently asked us to submit proposals to provide all the sun visors and associated rail assemblies for ALL their aircraft including their new intercontinental G-650 business jet.

. We are also currently negotiating with Bombardier to supply sun visors for all their regional jets (CRJ 200-700-900-1000) and business jets (Global 5000 and Challengers)

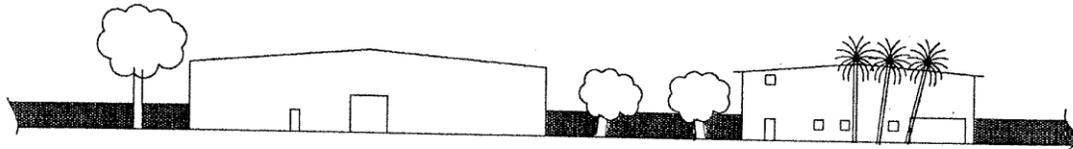
. Last, but not least, Boeing has asked us to submit a proposal to supply all their sun protection equipment for ALL their commercial aircraft. This would represent an increase in sales of about \$3.0 million dollars per year over 11 years. In other words, the Boeing business alone would more than triple the size of our company.

Conservative estimates are therefore that our company will double in size within the next 12 months, and triple within the next 24 months.

This growth perspective is not without posing real challenges in terms of additional manufacturing space and recruiting qualified personnel. We would look forward to teaming up with the St Lucie County which seems to have, at the PSL Airport, a couple of derelict buildings which could be rebuilt or replaced into a suitable facility in terms of space and corporate image for our company.

## 5. PROPOSED LEASING OF 3104 & 3106 INDUSTRIAL AVENUE 3

We had a chance to inspect the two metal buildings located at 3104 & 3106 Industrial Avenue 3 at the Port St Lucie Airport.



These buildings are in extremely poor condition as they have been repeatedly damaged by hurricanes. The hangar door of the larger building was destroyed and was poorly replaced with sheet metal panels. Some of the trusses are bent and in need of repair. The roof is leaking in numerous places. Their whole structure is severely corroded. They are not built to the latest building codes and are not designed to withstand windloads of 120 mph.

Curiously, the true condition of the buildings was never taken into account in the "appraisal" made by DEIGHAN CONSULTANTS.

In addition, changes made to the building by the previous occupant are not to code and will need to be demolished..

We are therefore proposing to replace these structures with new ones, designed to withstand hurricane force winds. This would include:

- . the re-designing of an identical building to the newer UBC.
- . removing all interior partitioning, mezzanines and improvements
- . replacing all building structures with the exception of the columns if they meet the new UBC and can be re-conditioned.
- . re-building the interior improvements (bathrooms, partitions, mezzanines etc).

The only structure that would be retained and simply re-surface would be the concrete slab of these structures.

The benefit of replacing the structures with identical ones would be to streamline or avoid the permitting process and to use the existing concrete slab.

This investment would be performed in three phases:

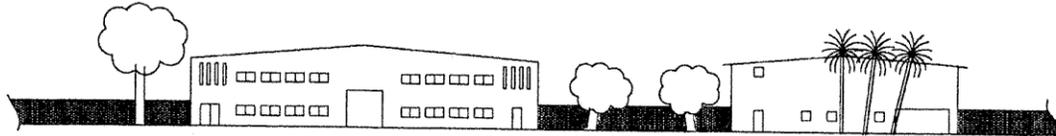
### 1. Phase 1. Replacing the 12,016 sf building

The westernmost 12,016 sf building would be replaced first. It is the most damaged

structure and is totally inhabitable.

This would include the replacement of the structure, creating a mezzanine on the south side, installing large modern windows.

On the airport side, a large fold-up, or bi-fold hangar door would be installed

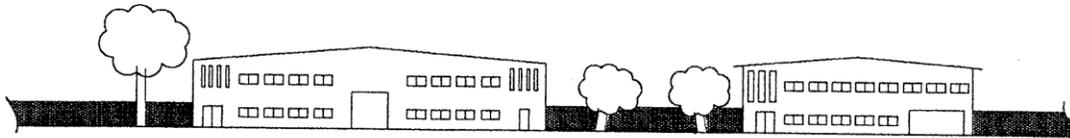


### 2. Phase 2: Replacing the 10,570 sf building

At the completion of Phase 1 i.e. approximately 18 months into the lease, AERO SHADE TECHNOLOGIES would move its operation into the 12, 016 sf building and immediately start work on the easternmost 10,570 sf building.

There again, it would include the replacement of the structure, creating a mezzanine on the south side, installing large modern windows.

On the airport side, a large fold-up, or bi-fold hangar door would be installed.

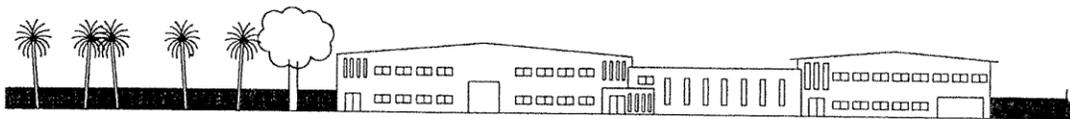


### 3. Phase 3. Construction of an office building and parking/landscaping

After the completion of Phase 1 and Phase 2 i.e. approximately three years into the lease, AERO SHADE TECHNOLOGIES would immediately start the construction of an office building between the two structures.

This would provide approximately 7,000 sf of modern, well lighted office space.

A nice landscaping and parking lot would be put in place so as to enhance the corporate image of our company and the general appearance of the PSL Airport.



6. HOW WOULD OUR PRESENCE BENEFIT THE PSL AIRPORT

Although, in most instances, our clients do not need to bring their airplanes to Aero Shade, we are seeing this happening more frequently as we start designing more products for aircraft interiors besides cockpit sunshades and sun visors.

In one of our new lines of development, for instance, Aero Shade is getting involved with complete aircraft interiors for commercial airplanes (regional jets to business jet conversions mainly).

As a result, should we re-locate to the Port St Lucie airport, we would attract there a sizeable aircraft traffic of corporate and regional jets, with a few twin or single turboprops as well.

All these customers would require, besides fuel service, car rental, meals and lodging, and occasionally, aircraft maintenance.

Our presence would then translate into additional business for the local FBO's and businesses catering to aircraft owners.

AERO SHADE TECHNOLOGIES, INC. is not an FBO and has no intention of becoming one.

7. HOW WOULD OUR PRESENCE BENEFIT THE ST LUCIE COUNTY BUSINESSES

Our industrial policy is, and has always been, to subcontract as much of the actual component manufacturing as possible to local vendors provided, of course, that we can obtain quality parts at competitive prices. This policy is at the root of our success and, should we re-locate to the PSL Airport, we will attempt to find, in the Port St Lucie County all the subcontractors that we need. These include:

- . plastic injection and plastic forming
- . machining (CNC and Screw Machining)
- . stamping and metal forming
- . coating and metal finishing
- . janitorial services

In addition to this business that we would place directly with local sources, our visitors who are, for the most part from overseas, would need accommodation in the county.

Although we are not able to determine precisely how much our activity would bring to the county in dollars per year, it is our opinion that it would be of the order of between \$750,000 and \$1,500,000 per year including aircraft fuel and services.

8. HOW WOULD OUR PRESENCE BENEFIT THE ST LUCIE COUNTY PEOPLE.

As explained above, Aero Shade Technologies is on the verge of a major growth due to its extreme competitiveness in its market.

We are foreseeing that our business, and therefore our work force, will double over the next 12 months, and triple over the next 24 months.

In terms of recruitment needs, our company will need to recruit between 12 and 24 people over the next two years. These will be in the field of:

- . engineering: graduate mechanical engineers, CAD technicians.
- . assembly
- . warehouse
- . administrative: bookkeepers, buyers etc.

9. CONCLUSION

AERO SHADE TECHNOLOGIES, INC is prepared to make a strong commitment to the community in which it will re-locate in terms of investment and employment of local businesses and workers.

But we will need the assistance of the local government to overcome the effects of the global financial crisis in particular as it regards financing restrictions.

We look forward to developing, with the St Lucie County, a long term, pleasant, and mutually beneficial relationship.

## Endnotes

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<sup>1</sup> Significant investment in existing leasehold improvements is defined as renovations to an existing structure that exceeds 30% of the appraised value of the structure, excluding land value or lease value. For example, if a structure is appraised at \$100,000.00, the owner or tenant must submit verified receipts for at least \$30,000 in renovations to the structure. This figure may not include any equipment that is purchased unless the equipment is permanently affixed to or within the structure. Property appraisals older than one year are not considered acceptable for the purpose of determining the value of a structure.

<sup>2</sup> 115% > Lake County Average Hourly Wage.

DRAFT