

**RELIEVER AIRPORTS
LEASE POLICIES, RULES AND REGULATIONS**

**Metropolitan Airports Commission
6040 28th Avenue South
Minneapolis, MN 55450**

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CHAPTER 1: INTRODUCTION

Section I. Background

A. Airports Owned and Operated by the Metropolitan Airports Commission

The Metropolitan Airports Commission (“MAC”) owns and operates a system of seven (7) airports in Minnesota’s Minneapolis-St. Paul metropolitan area. This system includes the Minneapolis-St. Paul International Airport and six (6) reliever airports, and offers a complete range of aviation services to its users.

The following MAC airports are reliever airports and are governed by the provisions of these Reliever Lease Policies, Rules, and Regulations (“Policies”):

- St. Paul Downtown Airport (Holman Field)
St. Paul, Ramsey County
- Flying Cloud Airport
Eden Prairie, Hennepin County
- Crystal Airport
Crystal, Hennepin County
- Anoka County-Blaine Airport (Janes Field)
Blaine, Anoka County
- Lake Elmo Airport
Baytown Township, Washington County
- Airlake Airport
Eureka Township and Lakeville, Dakota County

B. Dual Track Legislation

In 1996, the Minnesota State Legislature passed legislation entitled the “Dual Track Airport Planning Process” that determined the Minneapolis-St. Paul International Airport should remain at its present location. The legislation includes a specific directive that “The corporation shall develop and implement a plan to divert the maximum feasible number of general aviation operations from the Minneapolis-St. Paul International Airport to those airports designated by the Federal Aviation Administration as reliever airports for Minneapolis-St. Paul International Airport.”

C. Purpose of Airports

In the interest of operational safety and achieving a compatible combination of aircraft at each of its airports, MAC has identified specific aviation purposes for its airports. The investment for scheduled air carrier operations is limited to the Minneapolis-St. Paul International Airport, whereas the Reliever Airports are designed to accommodate various types of general aviation operations.

D. Provision of Land

In designing and operating the Reliever Airports, MAC has provided land for: (1) the construction of hangars to store aircraft; (2) provision of aviation services; (3) MAC to construct its own facilities; and (4) the development of land, not needed for aviation use, for non-aeronautical purposes. MAC intends to continue to allow tenants to own the hangars they purchase or construct on airport property. The construction of hangars, provision of services, and tenant occupancy of MAC owned facilities is controlled through lease and license agreements with tenants.

In order to construct an aircraft storage hangar, conduct any kind of revenue-generating activity on the Reliever Airports, or occupy a MAC owned facility, an appropriate lease, license, or agreement must first be obtained from MAC. In doing so, entities, groups or individuals conducting such activities become lawful tenants of MAC with permission to engage in activities which are permitted under the terms of the lease, license, or agreement. Those who do not receive MAC approval to conduct such activities are in violation of MAC policy, rules and/or regulations, and Ordinance No. 58.

Section II. Scope

These Policies set forth the manner in which leases, licenses, or agreements may be requested, granted, amended, or assigned. These Policies also describe many of the pertinent terms, conditions, rates, and other factors pertaining to the leases, licenses, or agreements at the Reliever Airports.

MAC Reliever Airports Staff Lease Committee (“Lease Committee”) (or its designated representative) is responsible for the administration of these Policies, and is the liaison between the tenants and MAC for all lease related issues.

These Policies are designed to:

- A. Set forth MAC policy regarding leases at MAC’s six (6) Reliever Airports.
- B. Provide information and guidance to Reliever Airport tenants and prospective tenants.
- C. Provide guidance and authority to MAC Staff and the Lease Committee.

To the extent that anything in these Policies conflicts with a MAC ordinance, a tenant’s lease, or other applicable law, the ordinance, lease, or law governs.

Furthermore, these Policies are subordinate to the provisions and requirements of existing and future agreements between MAC and the United States, entered into as a condition of the grant of Federal airport development funds.

Section III. Definitions

Unless otherwise noted, the terms used in these Policies have the same meanings as those same terms are defined in the applicable lease, license, agreement, or MAC ordinance.

CHAPTER 2: USE OF MAC OWNED LANDS

Section IV. Use of MAC Owned Lands

A. Development of MAC Property

MAC's airport properties shall be developed to accommodate airport operations. Airport properties includes runways, taxiways, building areas, and safety areas necessary to support aircraft operations. Under MAC's governing law, airport properties are to be used for appropriate purposes, as determined by MAC.

B. Federal Requirements

In consideration of federal aid grants for airport development, MAC has made certain assurances and is subject to certain obligations and limitations in regard to use of its land for other than aeronautical purposes. Generally, federal limitations will not permit any activity that would interfere with airport operations. The federal requirements vary depending on the location of the property and its designated use in the airport layout plan. The land use requirements in runway protection zones and approach zones are particularly restrictive.

C. Aeronautical Use

MAC limits the use of MAC lands to appropriate aeronautical purposes, except as otherwise provided herein. Appropriate aeronautical purposes which may be allowed by a lease include land uses that are desirable to furnish goods, wares, services, and accommodations to passengers and other users of the airport under the control of MAC. Tenant and Subtenants must use Leased Property only for the purposes specified in the applicable lease. Use of the Leased Property for any purpose not expressly authorized by the lease shall constitute a default of the lease.

D. Non-Aeronautical Use

MAC may permit use of airport properties not needed for aeronautical activities to be used for non-aeronautical uses. Examples of such uses include golf courses, recreational areas, farming operations, hotels, and mixed-use commercial development. This permission is contingent upon the approval of the appropriate agencies having jurisdiction in the area, such as the Federal Aviation Administration (FAA), appropriate watershed districts, or the Department of Natural Resources. The agreements under which such use is permitted shall include recapture provisions that allow MAC to terminate such use if the property is needed for aeronautical purposes. All proposals for non-aeronautical use of airport properties will be considered on a case-by-case basis. Permitting non-aeronautical use in one instance shall not commit MAC to make similar grants in other instances. Furthermore, the agreement for the use of such land will be for a fee consistent with federal policy. See also Section VII. C. 2 [Non-Aeronautical Uses].

E. Capital Improvement Projects

As part of the approval process for a construction contract at any Reliever Airport, the approval request presented to the MAC full Commission shall include, but not be limited to, (a) a description of the project, (b) a cost estimate, (c) an estimated completion date, (d) a description of the source(s) of funding, and (e) an estimate of any resulting Ground Rent Surcharge. Regardless of the estimate of any Ground Rent Surcharge at the time of approval, the actual Ground Rent Surcharge calculated and assessed in each year shall be calculated annually as described in MAC Ordinance 107.

CHAPTER 3: LEASE REQUESTS

Section V. Lease Requests

One of MAC's most valuable resources is land. Therefore, the leasing of MAC lands is based on a justified need of the tenant and on the tenant's ability to develop the facilities. Typically, MAC will assign leased areas designed for aircraft storage to tenants who have a justified need for the space and have the ability to develop facilities on a first come, first served basis, provided the area is designed for the type of aircraft to be stored in the location. MAC may also provide land to a developer for the construction of a hangar area.

To request a lease transaction, an applicant must submit a request, in writing, to the Lease Committee, at MAC, Attn: Reliever Airports Department, 6040 28th Avenue South, Minneapolis, MN 55450, or through an email to MAC Reliever Airport Staff. New lease requests and other types of lease requests are then reviewed under the procedures set forth in Section VI [Review and Approval Procedures] of these Policies.

Final approval of any lease transaction as set forth in these Policies rests with the MAC full Commission or with an individual or committee delegated such authority by the MAC full Commission. MAC and the Lease Committee will not unreasonably withhold a recommendation for authorization or consent on a lease transaction request, including but not limited to requests for any first lease, lease assignment or other transfer, consent to sublease, lease amendment, or consent to financing, if the requirements of the lease and these Policies have been met. All lease transaction requests involving an existing lease will be conditioned upon an inspection of the Leased Property to determine compliance with present lease obligations, and upon any conditions required by the MAC full Commission.

A. Vacant Hangar Sites

1. Aircraft Storage Space

A written request to lease vacant hangar sites must include the following information:

- Name, address, and telephone number of applicant;
- Size of planned hangar or other Improvements;
- Make, model, and registration number of aircraft owned by the applicant, which will be stored in the hangar. Evidence of aircraft ownership to support a lease request may include documentation proving that an aircraft has been purchased or a non-contingent purchase agreement for an aircraft;
- Designation of the specific MAC airport upon which the hangar is to be built; and
- Any other information the Lease Committee may reasonably request.

In addition to the above, the following guidelines will apply:

a. Request From Those Who Do Not Currently Own a Hangar

Requests to lease vacant hangar sites on the Reliever Airports will be considered only if an applicant has specific, non-contingent plans to begin construction of the planned facility, and if it will be substantially completed within one (1) year of the execution date of the lease. Substantially complete means that Tenant has obtained a certificate of occupancy from the applicable building official. MAC Staff will consider a reasonable extension of this time period, if the Tenant provides evidence supporting such a request. This may include a signed building contract with a builder and a letter from the builder outlining a timeline for construction. Applications to reserve space will not be considered without a definitive plan for development. An applicant is not required to have a construction contract to be considered for a lease.

b. Request from Those Who Currently Own a Hangar

Requests by existing tenants to lease multiple leaseholds on the Reliever Airports will be considered only if: (i) the Tenant owns aircraft, or has evidence to support the recent purchase of an aircraft, to justify both the existing and newly requested space (i.e. they cannot store all of their own aircraft in their current hangar and the additional space requested is not excessive and will be used for aviation purposes); (ii) the Tenant does not owe any monies to MAC under the terms of their present lease(s) (including any lease in which the Tenant has a majority interest); and (iii) the Tenant has complied with the terms and conditions of their current lease(s), including environmental requirements.

If space is not available at the requested airport and if MAC Staff is maintaining a waiting list for space at that airport, the prospective tenant's name will be placed on a waiting list. The prospective tenant's request will be reviewed when space becomes available.

2. Commercial Space

Lease requests from a prospective commercial tenant to either develop or redevelop facilities under a commercial lease shall be subject to the requirements of MAC Ordinance No. 78, as amended from time to time, for the services authorized under the commercial lease. All commercial lease requests must include the following:

- Name, address, and telephone number of applicant(s);
- A detailed description of the applicant's proposed operation;
- A detailed description and layout plan of all proposed facilities (buildings, parking lots, ramp areas, etc.);
- A layout plan demonstrating compliance with MAC Ordinance No. 78: Minimum Standards for Reliever Airports, as amended from time to time;
- The background and qualifications of the applicant(s) and the number of proposed employees;

- The number and type of aircraft and other equipment necessary to conduct the intended operation;
- Designation of the specified MAC airport upon which the operation is to be conducted; and
- Any other information the Lease Committee may reasonably request (such as statements and documents demonstrating the financial stability of the applicant(s)).

3. Waiting List Fee

To accurately gauge demand for building areas, any prospective tenant wishing to have a name held on a list for future hangar space (commercial or aircraft storage), that has been identified in MAC's capital improvement program, shall pay a Waiting List Fee, according to the terms set forth in Ordinance 107.

B. Development or Redevelopment of Hangars

An entity may be granted a lease for the development or redevelopment of hangars for speculative purposes such as the development or redevelopment of hangar space.

All development requests must include the following:

- Name, address, and telephone number of applicant(s);
- A detailed description and layout plan of all proposed facilities (buildings, parking lots, ramp areas, etc.);
- Designation of the specified MAC airport upon which the operation is to be conducted; and
- Any other information the Lease Committee may request.

If the development or redevelopment is solely for the intent to resell all of the developed or redeveloped space to others, the entity will pay a development fee of 50% of the stated Facility Acquisition Fee outlined in Ordinance No. 107 (as amended from time to time) for the entire area being developed or redeveloped.

C. Lease Assignments

A request by an existing tenant to assign or transfer a lease must originate from the existing Tenant. Subject to the MAC full Commission's consent, Tenant may assign or transfer a lease, if Tenant and the third party satisfy the conditions set forth in Section 18.2 [Assignment Rights] of the Lease and each of the following conditions:

- (i) Tenant must submit to MAC Staff a written request for the proposed assignment at least thirty (30) days prior to the date Tenant desires to consummate the assignment. At a minimum, a Commercial Tenant shall submit:
 - The name, address and telephone number of the proposed assignee;

- A detailed description of the proposed operations to be conducted by the proposed assignee;
 - The business background and qualifications of the proposed assignee and the number of proposed employees;
 - The number and type of aircraft and other equipment necessary to conduct the proposed assignee's intended operations; and
 - Any other information that MAC may reasonably request.
- (ii) The proposed assignee, if a storage Tenant, has sufficient aircraft to justify the need for hangar space.
- (iii) The proposed assignee has complied with all of the terms and conditions of any lease(s) or agreement(s) in existence between MAC and the proposed assignee, and is otherwise acceptable to MAC.
- (iv) The assignment is an assignment of all the Tenant's rights and obligations under the Lease.
- (v) Contemporaneously with the assignment of Tenant's interests under the Lease, Tenant must also convey Tenant's right, title and interest, if any, in and to any Improvements to the assignee of Tenant's rights under the Lease.
- (vi) The assignment of Tenant's rights and obligations under the Lease must be evidenced by a written assignment and assumption agreement (however designated) signed by Tenant and Tenant's assignee in which the assignee specifically assumes, for the benefit of MAC, each of the Tenant's obligations under the Lease, and consented to by MAC. The assignee's written assumption of Tenant's obligations under the Lease with MAC's consent will release Tenant from those obligations from and after the date of the assignment, except for those obligations that specifically continue past the termination or expiration of the Lease, including those set forth in Sections 4.5 [Right to Audit], 13.3 [Indemnification], and 20 [Environmental Responsibilities] of the Lease, to the extent those obligations relate to events or circumstances that occurred prior to the date of assignment.
- (vii) If MAC has identified environmental issues affecting or relating to the Leased Property, Tenant must resolve the environmental issues, arising from or relating to Tenant's past or present operations or actions on the Leased Property, to MAC's reasonable satisfaction.
- (viii) Tenant may not assign Tenant's rights or obligations under the Lease if, as of the effective date of the assignment, Tenant is in default under the terms of the Lease or under the terms of any other agreement between MAC and Tenant, or facts or circumstances exist which would constitute a default with the giving of notice and passage of time as contemplated by the Lease; unless the proposed assignee agrees to cure the default.
- (ix) If the assignment is in lieu of the foreclosure of a leasehold mortgage, each of the conditions set forth in this Section V.C. applies, except for the conditions set forth in this Section V.C.(ii), (iii), and (vii).

If required by the existing Lease, tenants who acquire an existing facility on a Reliever Airport shall pay a Facility Acquisition Fee, at the time of Lease transfer, according to Ordinance 107.

Aircraft storage tenants will not be allowed to assign a lease which does not have a hangar built within the leased area, unless the tenant has entered into a development agreement with MAC that specifically provides otherwise.

If all of the conditions are met, MAC may, at its discretion, either consent to the assignment or terminate the Lease and enter into a new lease with the proposed assignee; provided, however, MAC will, if requested by the proposed assignee, enter into a new lease with the proposed assignee under standard lease terms and conditions in effect at the time, except that the term of the new lease must be consistent with MAC's Long Term Comprehensive Plan for the airport and Capital Improvement Program but shall not be less than the remaining term of the Lease. If required by the existing Lease, the Facility Acquisition Fee shall apply regardless of whether MAC consents to the assignment or terminates the Lease and enters into a new lease with the proposed assignee.

D. Sublease Agreements

Any subleases are subject and subordinate to the Tenant's Lease. Any Subtenants are subject to all of the terms and conditions of the Tenant's Lease.

1. Storage Sublease

Aircraft storage leases are issued to tenants by MAC for the sole purpose of providing tenants a place to build a hangar or to continue the use of an existing hangar, and store and maintain their aircraft. Tenants who have excess space within their hangar may sublease the space to others who need space to store and maintain their aircraft, according to the terms of the Tenant's Lease. Tenants who do not have sublease authority under their Lease are required to enter into a sublease license agreement with MAC prior to subleasing space within their hangar (see Attachment E).

a. Information Regarding Subtenants

Tenants are required to provide the Lease Committee with the following information relative to their Subtenants upon request by MAC Reliever Airport Staff:

- 1) Name, mailing address, airport address and telephone number of Subtenant; and
- 2) Aircraft make, model and registration number for each aircraft to be stored on the Leased Property pursuant to the sublease.

This information is required in the event MAC would need to contact airport users for emergencies or for issues relating to airport operations and construction.

b. Sublease Fee

Storage tenants who have entered into a sublease license agreement with MAC and who sublease space within a hangar shall pay an applicable Sublease Fee, according to the terms set forth in Ordinance 107.

2. Commercial Sublease

In addition to the requirements in the Lease, the request for MAC's consent prior to entering into the sublease must come from Tenant, and must include:

- Name, address and telephone number of the proposed Commercial Subtenant;
- A detailed description of the proposed operation;
- The business background and qualifications of the proposed Commercial Subtenant and the number of proposed employees;
- The number and type of aircraft and other equipment necessary to conduct the proposed Commercial Subtenant's intended operation;
- Statements and documents demonstrating the financial stability of the proposed Commercial Subtenant(s); and
- Any other information MAC may reasonably request.

E. Lease Amendments

Lease amendments that are considered for the MAC full Commission approval may include modifying the Leased Property or extending the Term to meet a financing requirement.

Requests by existing tenants to amend a lease will only be considered if: (a) the Tenant does not owe any monies to MAC under the terms of their present lease(s) (including any lease in which the Tenant holds a majority interest); and (b) the Tenant has complied with the other terms and conditions of his/her current lease(s), including environmental requirements, by the expiration of any applicable notice and cure periods.

F. Collateral Assignment of Lease

Subject to the MAC full Commission's consent, which shall not be unreasonably withheld, Tenant may not assign, transfer, mortgage or otherwise pledge all or any portion of its rights, title or interest in the Leased Property pursuant to the Lease or any of its other rights under the Lease as collateral to secure Tenant's payment of a debt or performance of any other obligation of Tenant, except as provided in Section 18.4 [Collateral Assignments] of the Lease.

If Tenant grants a leasehold mortgage satisfying the requirements of Section 18.4 [Collateral Assignments] of the Lease, MAC will execute a subordination agreement with the leasehold mortgagee, as described in Section 18.4 [Collateral Assignments] of the Lease.

If Tenant requests an extension of the Term as part of a request under Section 18.4 [Collateral Assignments] of the Lease, MAC will consider an extension of the Term as provided in Section IX.B. [Increased Lease Term] below.

G. Change in Control of Entity or Business Name

If Tenant is a corporation, limited liability company, partnership or other business entity, the requirements of Section 18.2 [Assignment Rights] of the Lease and Section V.C. [Lease Assignments] above apply to any change in the ownership of Tenant if, as a result of such

transfer, there is a change in the identity of individual or individuals who held a majority of the voting interest in Tenant or otherwise controlled the actions of Tenant as of the Commencement Date.

If a business entity changes its name, but does not have a change in ownership, it is not subject to the requirements of Section 18.2 [Assignment Rights] of the Lease and Section V.C. [Lease Assignments] above. However, Tenant must provide MAC Staff with documentation, satisfactory to MAC, evidencing the name change within thirty (30) days following the effective date of the name change. A business name change, as described in this paragraph, does not require the approval of the MAC full Commission or the Lease Committee.

Section VI. Review and Approval Procedures

A. Submit Lease Request

All lease requests must be submitted, in writing, to the Lease Committee, at MAC, 6040 28th Avenue South, Minneapolis, MN 55450, or through an email to MAC Reliever Airport Staff. The Lease Committee members include staff representatives from the following departments: Reliever Airports, Legal, Finance, Airport Development, and Environment.

B. Staff Recommendation

Following a review of a lease request by the Lease Committee, one of following actions will be taken: 1) a favorable recommendation on the request will be made; 2) an unfavorable recommendation on the request will be made; or 3) the request will be tabled.

1. Favorable Recommendation

A favorable recommendation of the Lease Committee will be forwarded to the monthly MAC full Commission meeting for approval, when necessary. If the MAC full Commission approves the Lease Committee's recommendation, the applicable documents will be prepared and sent to the Tenant for execution, as authorized by the MAC full Commission. When MAC full Commission action is not required, the Tenant will be notified of the Lease Committee's favorable recommendation and any necessary paperwork will be finalized.

2. Unfavorable Recommendation or Tabled Request

The Tenant will be notified if the Lease Committee makes an unfavorable recommendation or if the Lease Committee tables the request due to insufficient information available to make a decision.

In the event the Lease Committee is unable to make a favorable recommendation on a request to construct a new aircraft storage hangar due to a lack of space to accommodate the requested hangar, and if the Lease Committee is maintaining a waiting list for a new building area to be developed, the Tenant will be asked if they wish to pay the applicable Waiting List Fee set forth in Section V.A.3 [Waiting List Fee] and be placed on the waiting list.

3. Appeal of Unfavorable Decision

Any tenant or prospective tenant who disagrees with the decision of the Lease Committee may appear before the Lease Committee to present additional information for consideration. Decisions of the Lease Committee can be further appealed to the Deputy Executive Director-Operations, or his/her designated representative. Decisions of the Deputy Executive Director-Operations can be further appealed to the MAC full Commission. The decision of the MAC full Commission shall then be deemed the final decision of MAC.

C. Administration Fee

An Administration Fee shall be paid by a tenant or prospective tenant for costs associated with the review and processing of lease requests and transactions, according to Ordinance 107.

CHAPTER 4: LEASE TYPES, TERMS & CONDITIONS

Section VII. Categories of Reliever Airport Leases and Agreements

There are several types of leases or agreements that MAC enters into with those who use MAC lands. The different types of agreements are described below.

A. Aircraft Storage Ground Lease

An aircraft storage ground lease is issued by MAC for the purpose of permitting tenants to construct a hangar or continue the use of an existing hangar, to store aircraft within the hangar, and to perform maintenance on aircraft owned by Tenant. Tenants will also be allowed to utilize the hangar for the construction of an experimental aircraft that is eligible for certification as an aircraft. Any new hangar must be constructed by the Tenant, at the Tenant's own cost, on the Leased Property.

MAC designs and constructs building areas to accommodate certain types of aircraft and activities. The cost of constructing an area designated for large aircraft operators is much more than that of the standard leased area because it consumes a large amount of space. In order to maximize the use of airport property, leasing lots in areas designated for larger aircraft will be limited to those who will use the hangar to store an aircraft as large or larger than a King Air or turbojet aircraft designed to carry passengers.

B. Commercial Ground Lease

A commercial ground lease is issued by MAC for the purpose of permitting the Tenant to conduct an aeronautical business from the Leased Property. An aeronautical business may include some or all of the following, as approved by MAC:

1. Sale of aircraft;
2. Repair and/or maintenance of aircraft;
3. Sale of parts and accessories incidental to aircraft;
4. Sale of flight and ground instruction;
5. Flying for charter or hire;
6. Aircraft management;
7. Providing fueling and lubrication services;
8. Aircraft rental operations; or
9. Other services approved by MAC, such as pilot shop/pilot supplies, and rental of office space for aviation activities.

In addition to the activities listed above, each commercial lease will also authorize the storage of aircraft. The subleasing of storage space alone does not qualify for a commercial lease.

C. Other Lease and License Agreements

1. Commercial - Non-Aviation/Complementary Business

This type of license may be granted by MAC for the purpose of conducting a business on the airport that is non-aviation, yet provides a complementary product or service to airport users. Examples of complementary products/services include aviation insurance companies, restaurants, aviation legal services, auto rental and limousine services, travel agencies, delivery/courier services, flight physicals, and aviation museums.

This type of agreement will only be granted to those who enter into a lease with MAC or enter into a sublease agreement with an existing commercial operator whose Lease authorizes the type of activity to be conducted. The primary use of the Leased Property must still be for aviation purposes. MAC consent to a sublease agreement will only be granted if the total amount of floor space subleased to complementary operators consumes less than 25% of the building floor space within the commercial leased area. Such uses may not become so great that they violate federal grant assurances that require aeronautical use of MAC property.

2. Non-Aeronautical Uses

This type of agreement may be granted by MAC for the purpose of allowing other entities to utilize excess land not currently needed for airport operational purposes as identified by MAC and approved by the FAA, if required. The types of uses should be consistent with Section IV [Use of MAC Owned Lands]. This type of agreement will include language to protect MAC's rights to recover the land should it be needed for aeronautical purposes. Under federal requirements any permitted activity must not interfere with normal airport operations.

The types of non-aeronautical uses which may be considered by MAC include the following:

a. Public or Recreational Uses

MAC recognizes its role within the communities surrounding the airports. On specific occasions, MAC has permitted non-aeronautical use of lands in designated areas not devoted or committed to aeronautical use, provided the permission is consistent with federal policy. The lands used must be outside the operational areas of the airport, in buffer zones or areas not needed for immediate airport requirements, or in areas physically separated from the operational portions of the airport by roads or natural barriers. Such land uses include, but are not limited to, parks, ball fields, nature areas, walking and bike trails, compost sites, garden plots, and frontage roads. These uses will be considered for approval if they do not interfere with the continued operation or development of the airport.

b. Commercial Non-Aviation Uses

MAC may permit the use of airport lands for non-aviation commercial uses such as industrial parks, park and ride sites, hotels, restaurants, and golf courses, provided the permission is consistent with federal policy. These uses will be outside the operational areas of the airport, in buffer zones or areas not needed

for immediate airport requirements or in areas physically separated from the operational portions of the airport by roads or natural barriers.

c. Farming

MAC will continue leasing excess airport lands for farming if the land is unimproved and not devoted to airport operations. The leases will be for a term consistent with the seasonal planting and harvesting needs of the farming tenants. The lease will be subject to MAC control as to the nature of farming operations to prevent adverse impact to aviation operations.

D. MAC Owned Facility Lease

This type of agreement may be granted by MAC for the purpose of allowing tenants to utilize a MAC owned facility for the purpose stated in the agreement.

Section VIII. Leasehold Location, Lot Size Determination, and Hangar Guidelines

A. Leasehold Area Location

The leasing of MAC lands will be consistent with the type of use identified by MAC in the airport's Long-Term Comprehensive Plan or as deemed appropriate by MAC Staff.

MAC issues leases for available building areas in a manner consistent with the best and most appropriate aviation use of the Leased Property. Therefore, only commercial operators will be allowed in areas designated for commercial use, and only operators of aircraft as large or larger than a King Air or turbojet aircraft designed to carry passengers will be allowed to develop hangar space in a storage area designated for larger aircraft.

B. Lot Size Determination

Lot sizes will be determined during the planning phase of the building area. The available land, the proposed facilities, and the proposed activities of the tenant will be determining factors in the lot size leased to a tenant. Specific requests for locations are considered by the Lease Committee. The Lease Committee reserves the right to determine the location of facilities in its system of airports.

C. General Guidelines for Hangars

The following general guidelines also apply:

1. Aircraft Storage Hangar

An Aircraft Storage Hangar must be built to the full depth of the lot (example: 50-foot hangar on a 50-foot deep lot). The hangar must be built to the full available width, after allowing for the specified separation between hangars, providing space for maintenance and fire access. MAC Staff will determine the hangar separation distance at the time the building area is developed.

If the tenant is constructing in an area designated for aircraft as large or larger than a King Air or turbojet aircraft designed to carry passengers, the hangar, ramp and automobile lot must be built according to the site design identified by MAC.

2. Commercial Operator

The facilities of a commercial operator must be constructed in an area identified by MAC for commercial development. The Leased Property must be adequate to accommodate all buildings, facilities, aircraft, aircraft fueling area, and automobile-parking space required for the operation. The Leased Property must meet MAC's minimum standards requirements in MAC Ordinance No. 78, as amended from time to time.

All tenant development is subject to the construction guidelines found in Section XVI [Construction Guidelines] of these Policies. In addition to acquiring exclusive rights with respect to the Leased Property described in a tenant's lease, each aircraft storage tenant (and commercial tenants, when applicable) will acquire non-exclusive rights for a hangar-alleyway connector to be constructed and maintained by each tenant.

Section IX. Lease Term

A. First Lease

A first lease is the first lease granted by MAC to a tenant who has never held a lease on the respective leased area, or the first lease offered to an existing tenant after the effective date of these Policies. While MAC retains the option of doing otherwise if individual conditions warrant, standard guidelines for the duration of a first lease shall be as follows:

<u>Lease Type</u>	<u>Duration</u>
Aircraft Storage	Ten (10) years
Commercial Lease	Fifteen (15) years Twenty (20) years, if substantial investment is made.
Farm Lease	Three (3) calendar years
Non-aeronautical Lease	As negotiated
Others	As negotiated

B. Increased Lease Term

If Tenant requests an extension of the Term as part of a request under Section 18.4 [Collateral Assignments] of the Lease, MAC will consider an extension of the Term if 100% of the proceeds of the leasehold mortgage are used by Tenant to finance the construction of or substantial improvements to a hangar or the acquisition of existing Improvements. Acquisition, construction, and substantial improvements for purposes of this paragraph means acquisition, construction or substantial improvements that have taken place within the previous six (6) months of the date of the request for consent to the leasehold mortgage, or that will take place within six (6) months of the date of the leasehold mortgage. Tenant must provide to MAC a copy of any contract(s) for the acquisition, construction, or substantial improvements to be financed with the proceeds from the leasehold mortgage.

An extended Term will be considered, pursuant to the terms in the preceding paragraph, if Tenant is using private financing in lieu of a leasehold mortgage.

An extended Term will not be granted for refinancing purposes, without any additional construction, substantial improvements or acquisition.

Tenants otherwise qualified for lease renewal under Section IX.C. [Renewal Term & Right of First Refusal] below, who connect to the sanitary sewer and water utilities, will be granted a Term extension so that the Term of the Lease from the year of connection will equal ten years.

Tenant's otherwise qualified for lease renewal under Section IX.C. [Renewal Term & Right of First Refusal] below, who make a substantial investment in Improvements to the Leased Property, shall be considered for a Term extension. The length of the Term extension shall be consistent with the amount of investment, as determined by MAC; however, the length of the Term extension shall not exceed the length of a first Term, as set forth in Section IX.A. [First Lease] above.

The terms and length of any increased lease Term shall be as determined by the MAC full Commission (except the terms and length of an increased lease Term for connection to sewer and water are set forth above).

C. Renewal Term & Right of First Refusal

Tenant shall have a right to a new lease ("Renewal Lease") after the initial term of the Lease, under standard lease terms and conditions in effect at the time of issuance except that the term shall be for a period of five (5) years for a storage lease (plus a right of first refusal as described below) and ten (10) years for a commercial lease (plus a right of first refusal as described below), if all of the conditions in the Lease (Section 2.2) are met. If all of the conditions in the Lease (Section 2.2) are met, MAC will issue the Renewal Lease ninety (90) days prior to the expiration of the Lease term.

If all of the conditions have been met except the condition set forth in Section 2.2, paragraph (iv) of the Lease, such that MAC requires the Leased Property for a use that, in MAC's judgment, is for the betterment of the airport and the aviation community, MAC may, if Tenant requests and at MAC's sole option, issue a Renewal Lease for a term of less than five (5) years for a storage lease (with no right of first refusal thereafter), or less than ten (10) years for a commercial lease (with no right of first refusal thereafter). The compensation that MAC will pay in this situation, as described in Section 2.2 of the Lease, shall be paid at the expiration of such Renewal Lease issued pursuant to this paragraph or at the time specified in Section 16.6 of the Lease.

If a Renewal Lease is offered to Tenant and if Tenant fails to execute the Renewal Lease and return it to MAC within thirty (30) days after it has been delivered to Tenant pursuant to the notice provision of the Lease, MAC Staff shall have the right to withdraw the offered Renewal Lease, and Tenant must comply with Section 17 [Surrender of Leased Property] of the Lease. If Tenant executes the Renewal Lease within the time period specified in this paragraph, the Renewal Lease will commence upon expiration of the Lease.

The Lease Committee has the authority to execute a Renewal Lease with the same Tenant according to the provisions of Section 2.2 of the Lease and this Section IX.C. [Renewal Term & Right of First Refusal]; separate MAC full Commission approval is not required. As an alternative to offering a new lease per Section 2.2 of the Lease and this Section IX.C. [Renewal Term & Right of First Refusal], MAC may, at its sole discretion, decide to offer an amendment to the existing Lease.

MAC will not purchase the Improvements or provide any compensation in the event a Renewal Lease is not offered pursuant to Section 2.2 of the Lease for failure to meet the conditions;

except, however, if a Renewal Lease is not issued solely for failure to satisfy the condition set forth in Section 2.2 paragraph (v) of the Lease (or if a Renewal Lease is issued but for a term of less than five (5) or ten (10) years as described in the second paragraph of this Section I.X.C.), then MAC will pay compensation, as provided in Section 16.6 [Payment of Compensation for Improvements] of this Lease.

At the end of the term of the Renewal Lease as described in this Section I.X.C., Tenant shall have a right of first refusal to any lease offered for aviation uses on the Leased Property, under the terms and conditions described in Section 2.3 [Right of First Refusal] of the Lease. If MAC does not offer a lease for aviation uses on the Leased Property, then MAC will pay compensation, under the terms and conditions as described in Section 2.3 [Right of First Refusal] of the Lease.

D. Airport Development or Redevelopment: Surrender of the Leased Property

If MAC terminates or amends the Lease according to Section 16 [Airport Development or Redevelopment] of the Lease, MAC will pay Tenant compensation for improvements affected and not removed from the Leased Property by Tenant, according to the terms set forth in Section 16 of the Lease; and Tenant must surrender the affected Leased Property to MAC in accordance with the terms of the Lease and as set forth below.

1. Termination

If MAC gives Tenant a Termination Notice, Tenant must surrender possession of the Leased Property to MAC on or before the Termination Date set forth in the Termination Notice. As a part of Tenant's obligation to vacate the Leased Property, Tenant must, on or before the Termination Date, comply with the provisions of Section 17 [Surrender of Leased Property] of the Lease.

If MAC terminates the Lease, Tenant must pay all of the taxes due and payable from Tenant with respect to the Leased Property in the year in which the Termination Date occurs, and all taxes levied and assessed against Tenant with respect to the Leased Property for the year in which the Termination Date occurs and due and payable in the following year to the County pursuant to Minn. Stat. Section 272.01 Subd. 2. Upon Tenant's delivery to MAC of evidence of such payment, MAC must reimburse Tenant, on a pro rata basis, for the portion of such taxes that are attributable to the time period following the later of the Termination Date; or, if Tenant fails to surrender possession of the Leased Property to MAC on or before the Termination Date as required by this Section IX.D.1. [Termination], the date Tenant actually surrenders possession to MAC.

2. Amendment to Exclude a Portion of the Leased Premises

If MAC gives Tenant a Termination Notice that notifies Tenant that MAC is exercising its right under Section 16 [Airport Development or Redevelopment] of the Lease to unilaterally amend the Lease to exclude a portion of the Leased Property, Tenant must surrender possession of the portion of the Leased Property to be excluded from the Lease to MAC on or before the Termination Date set forth in the Termination Notice. As a part of Tenant's obligation to vacate the portion of the Leased Property, Tenant must, on or before the Termination Date, comply with the provisions of Section 17 [Surrender of Leased Property] of the Lease, with respect to the portion of the Leased Property to be excluded from the Lease, and execute and deliver to MAC two duplicate originals of the Lease amendment described in Section 16.2 [Notice of Termination or Amendment] of the Lease.

If MAC unilaterally amends the Lease to exclude a portion of the Leased Property, Tenant must pay all of the taxes due and payable from Tenant with respect to the portion of the Leased Property to be excluded from the Lease in the year in which the Termination Date occurs, and all taxes levied and assessed against Tenant with respect to the Leased Property for the year in which the Termination Date occurs and due and payable in the following year to the County pursuant to Minn. Stat. Section 272.01 Subd. 2. Upon Tenant's delivery to MAC of evidence of such payment, MAC must reimburse Tenant, on a pro rata basis, for the portion of such taxes that are attributable to the time period following the later of the Termination Date; or, if Tenant fails to surrender possession of the portion of the Leased Property to be excluded from the Lease to MAC on or before the Termination Date as required by this Section IX.D.2. [Amendment to Exclude a Portion of the Leased Premises], the date Tenant actually surrenders possession to MAC.

E. Removal or Transfer of Improvements & Surrender of Leased Property

Upon expiration or earlier termination of the Lease, unless the Lease is terminated pursuant to the terms of Section 14 [Damage, Destruction, or Discontinued Use of Airport], Section 15 [Condemnation], Section 16 [Airport Development or Redevelopment], or Section 18.2 [Assignment Rights] of the Lease, Tenant and any Subtenants must, at their expense, remove all Improvements and comply with all requirements of Section 12 [Removal of Improvements]. If Tenant does not accomplish this by the termination or expiration of the Lease, MAC becomes the owner of the Improvements (other than tanks, including fuel tanks). This shall not in any way limit Tenant's liability to MAC for amounts owing to MAC pursuant to the terms and conditions of the Lease.

Tanks and personal property are subject to the terms in Section 17 [Surrender of Leased Property] of the Lease.

Section X. Default and Termination

Tenants are required to comply with all terms, conditions, limitations, and restrictions contained in a lease, license, or agreement granted by MAC. Failure to do so is considered a lease default. If MAC finds that the Tenant has violated any terms of the agreement, MAC will provide Tenant notice of the default. MAC will also provide Tenant an opportunity to cure certain defaults, as provided in the Lease. Tenant's failure to cure any default within the prescribed time will subject Tenant to any action that MAC deems appropriate under the terms of the penalty clause of the Tenant's Lease, including Lease termination.

Notwithstanding the written notice and cure periods as set forth in the Lease, MAC shall only be required to provide Tenant with notice and opportunity to cure two (2) Cumulative Defaults in any calendar year. Only for purposes of this paragraph, Cumulative Default means: (i) Tenant's failure to timely pay money due under the Lease; (ii) Tenant's failure to submit a report to MAC as required by Ordinance 107; (iii) Tenant's failure to comply with Section 3 [Use of Leased Property] of the Lease; and (iv) any violation of the terms and conditions of the Lease which has the likelihood in MAC's reasonable discretion to cause harm to life or property. In addition, MAC shall only be required to provide Tenant with notice and opportunity to cure two (2) defaults of failing to allow an inspection of the Leased Property in any calendar year. Beginning with the third (3rd) Cumulative Default or third (3rd) failure to allow an inspection in any calendar year, MAC will not be required to provide notice and opportunity to cure and may immediately take such action as MAC deems appropriate under the Lease.

A default by Tenant of the term(s) of one lease or other agreement between tenant and MAC shall be considered a default of any other lease or other agreement between Tenant and MAC, where the Tenant holds a majority interest in the lease or other agreement.

Section XI. Lease Rates

A. Aircraft Storage and Commercial Leases

Lease rates and fees applicable to aircraft storage and commercial leases are established by MAC under Ordinance No. 107 as amended from time to time.

B. Other Leases and License Agreements

1. Commercial – Non-Aviation/Complementary Business

Commercial tenants who have entered into a Non-Aviation/Complementary Business License Agreement with MAC shall pay a Non-Aviation/Complementary Business License Fee, according to Ordinance 107.

2. Non-Aeronautical Uses

Holders of non-aeronautical use agreements with MAC shall pay negotiated fees that must be in compliance with federal policy. These agreements may authorize public or recreational uses or commercial non-aviation uses.

C. Assessments

Tenants will be responsible for payment to MAC of assessments levied for items which benefit the Tenant, such as items furnished in aid of Tenant's occupancy and for projects MAC undertakes on behalf of Tenant. Assessments may be levied for projects such as, but not limited to, improving drainage in Tenant's building area after initial development of the building area where the need for improvements is caused by Tenant's construction, and installing public sewer and water utilities. The assessment fee will be determined according to Ordinance 107 and/or the Sewer and Water Policy.

Tenants who occupy a new building area constructed by MAC may be assessed development costs associated with the new building area.

D. Accounting

If requested by MAC, commercial tenants will be required to submit semi-annual rent rolls along with their rental payments, to document the commercial activities being conducted on the Leased Property.

E. Application of Payments

When past due payments are submitted to MAC, the payments shall be applied first to the most delinquent amounts due to MAC, regardless of the notation that may be on the check or on other documentation submitted by Tenant. Acceptance by MAC of an amount less than the full amount from time to time due and owing to MAC will not be a waiver by MAC of its right to collect all amounts due and owing pursuant to the terms hereof and the terms and conditions of Tenant's Lease.

Section XII. Other Charges and Fees

A. Taxes

Tenant shall pay all applicable taxes (including, but not limited to, property taxes), assessments, license fees, regulatory fees and other charges imposed by any other governmental authority during the Term of the Lease upon the Leased Property, buildings, Improvements or other property located thereon, or upon or arising from Tenant's use or occupancy, for whatever term deemed applicable to Tenant by that governmental authority. Tenant shall pay these amounts without deduction or set-off against Rent to be paid under the Lease. Examples of fees to be paid by Tenant include storm water permit fees, hazardous waste generator fees and aircraft registration fees.

In the event that any governmental authority imposes an assessment upon the Airport for improvements the Tenant requested from the governmental authority, then MAC shall have the option to charge Tenant for the cost of such assessment. Tenant shall pay that cost in installments as specified by MAC.

B. Fire Fighting Services

Any fees charged to Tenant by entities other than MAC for fire fighting services upon the Leased Property must be paid by Tenant.

Section XIII. Maintenance

Subject to the requirements of Section 9 [Construction] of the Lease, Tenant shall, at its own cost and expense, take good care of the Leased Property, and all Improvements or property located on the Leased Property and shall keep, maintain, and repair the Leased Property and Improvements in accordance with the Policies and any applicable MAC ordinances. In addition, Tenant shall, at its own cost and expense, maintain and repair any connector pavements, as such connector pavements are described in Section 9.1 [Commitment to Construct] of the Lease, in accordance with the Policies and any applicable MAC ordinances.

If Tenant leases space to others, Tenant shall provide and maintain such space in a tenable condition. Reasonable requests by Subtenants regarding building repairs (roof leaks, hangar door operation) shall be promptly addressed by Tenant.

Section XIV. Insurance Requirements

Tenant is required to carry property and liability insurance to the limits required in the Lease, which limits will be consistent for all similarly situated tenants at the airport. MAC may adjust the required policy limits either up or down, at its reasonable discretion following an analysis which would support the adjustment. Tenant is also required to name MAC as an additional insured by endorsement or by terms and conditions of the policies, under the Tenant's liability policies to protect MAC against third party claims arising from an accident or incident.

The standard limit on property insurance is 100% of replacement cost. In the alternative, Tenant may provide a limit of property insurance, acceptable to MAC's Insurance Risk Department, that is sufficient to remove any debris, eliminate contamination caused by the casualty (but such limitation will not limit Tenant's further environmental responsibility under the Lease or these Policies), and return the property to buildable condition.

In addition, if a significant portion of the Improvements are materially damaged (such that it becomes impractical to operate Tenant's business, in the case of a commercial tenant, or such that the Improvements cannot be used for their intended use, in the case of a storage tenant) by fire, meteorological event, or other disaster, Tenant shall have the right either to terminate the Lease or to restore, replace and rebuild the Improvements to the same or better condition, all under the terms set forth in the Lease.

Tenant must submit to MAC documentation of compliance with the insurance requirements of the Lease, at any time as requested by MAC, including as a condition of processing any lease requests.

Section XV. Environmental Responsibility

Tenants are required to comply with all applicable local, state and federal environmental laws. Tenants are responsible for all environmental matters arising from or relating to Tenant's past or present operations or actions on the Leased Property or Airport, including physical and financial compliance. Tenants who conduct activities on airport property are expected to have a full understanding of these laws. Tenants will further ensure that employees or any other persons conducting activities on the Leased Property and airport related to the Tenant are in compliance with all applicable environmental laws.

MAC may coordinate environmental compliance activities with a variety of governmental agencies such as the Minnesota Pollution Control Agency, Minnesota Department of Health, and cities and counties that are responsible for the enforcement of non-complying environmental issues. As part of this coordination, MAC has implemented an environmental compliance inspection program with the primary objective of evaluating the regulatory compliance of tenants. After an initial inspection, commercial leaseholds will be re-inspected at a minimum of every 3 years. Storage leaseholds will be re-inspected at least every 5 years. Tenants will also be inspected prior to lease transfer, lease renewal and when deemed appropriate by MAC Staff. In addition, storage tenants will be requested to perform an annual self-inspection (Attachment A). The inspection findings may be reviewed with Tenant following the inspection.

Environmental compliance inspection program materials are available upon request from MAC's Environmental Department at 612-726-8100.

Information MAC may have regarding environmental issues on the Leased Property will be made available upon request.

A. Spill Coordination and Responsibility

Tenant agrees to supply, upon request by MAC, a copy of Tenant's Spill Prevention, Control and Countermeasure ("SPCC") plan, if Tenant is required to maintain the plan by the MPCA, EPA or Environmental Laws. The SPCC will detail the steps and measures Tenant intends to take to prevent spills from occurring on the Leased Property and Airport, the spill preparedness and training that Tenant has in place, the response actions Tenant intends to take and the notification procedures to be implemented by Tenant in the event of a spill at the Leased Property or Airport (caused by Tenant).

If MAC incurs costs related to a spill or other environmental expenses related to fuel or hazardous substance associated with the Leased Property, unless due to the gross negligence of MAC, MAC will bill Tenant for all MAC's costs, plus a fifteen percent (15%) administrative fee. Tenant shall pay MAC within thirty (30) days of invoice. Tenant may then determine which Tenant, Tenant Agent, Tenant Clientele or other party is responsible for such costs.

CHAPTER 5: CONSTRUCTION GUIDELINES

Section XVI. Construction Guidelines

A. MAC Responsibilities

MAC will provide the Leased Property to the Tenant in a “fine graded condition” and ready for the initiation of construction, if the construction of certain facilities is part of Tenant’s Lease and/or Agreement with MAC. However, if Tenant is redeveloping a hangar area, grading will be the Tenant’s responsibility. “Fine graded condition” means that the site is within 0.2 feet plus or minus of the stated grade and has 4” – 12” of topsoil. MAC will also provide access roads and taxiways in close proximity to the Leased Property. Alleyways to serve the Leased Property are typically installed by MAC. The cost of installation, plus accrued interest, is assessed to Tenant in accordance with MAC Ordinance No. 107, as amended from time to time.

B. Approvals from Other Entities

As a condition of all MAC leases, tenants shall comply with all local codes, ordinances, and regulations enacted by the municipality or township in which the airport is located.

Certain approvals from other entities are necessary for construction and use of the Leased Property and airport. Tenant agrees to obtain all necessary approvals. Necessary approvals may include, but are not limited to:

- (i) FAA Notice of Construction (Form 7460-1A), including airspace review, if applicable; [see the attached Exhibit G];
- (ii) Any other FAA or federal approvals;
- (iii) Approvals and permits from agencies such as the Minnesota Pollution Control Agency;
- (iv) Permits required by the applicable watershed district;
- (v) Applicable approvals from the applicable city or other appropriate entity, such as a government building permit and certificate of occupancy;
- (vi) Approval by MAC’s property insurance provider; and
- (vii) Any other federal, state or local permits or approvals that may be required.

Tenants shall also comply with the conditions of all applicable ordinances, rules, and regulations that MAC shall enact from time to time.

C. Examples of Construction Work Subject to Review

Construction work subject to the review and approval requirements of the Lease includes, but is not limited to:

1. Site work;
2. Exterior paving and pavement maintenance;
3. Building and hangar construction;
4. Rebuilding;
5. Exterior painting;

6. Fuel facility work, including work relating to tanks, farms, mobile vehicles, secondary containment facilities, containment structures, and oil/water separators;
7. Fire suppression/sprinkling systems;
8. Additions or structural alterations;
9. Demolition;
10. Boring under or open-cutting of leasehold driveways, taxilanes or access roads;
11. New or replacement water and sanitary sewer services;
12. Utility installation;
13. Outdoor signs, permanent or temporary, and replacement signs;
14. Fencing;
15. Use of a crane;
16. Re-roofing;
17. Installation or replacement of HVAC systems; and
18. Filling, grading, or excavation.

D. Review Process

The following review process must be followed for construction work subject to the review and approval requirements of the Lease. All submittals shall be sent to the appropriate Airport Manager or the Airport Manager's designated representative.

1. Plan Submittal

Tenant shall submit at least two (2) copies of a final plan for construction. The plan shall include a written description of the proposed development, a plan layout of the construction, and an estimated timeframe for completion. The contents of the final plan package will depend upon the type and extent of construction, and described in Section XVI.F [General Submittal Requirements].

2. FAA Form 7460 Submittal

When MAC develops a building area, it must obtain a determination from the FAA that the standard hangar facility, including the construction thereof, will not create a hazard to air navigation. For any construction or alteration of buildings on airport property outside the standard considered by MAC, Tenant must submit an FAA Form 7460 to the FAA for review of potential airspace penetrations. The submittal must include information on building locations, crane or equipment heights, and whether the construction and/or equipment are permanent or temporary. A copy of the original 7460 submittal and all correspondence from the FAA must be submitted to the Airport Manager. Except under special circumstances, construction will not be allowed to start until the FAA has

approved the airspace review. A minimum of 30 – 90 days will be required for the FAA to review Form 7460.

Copies of the 7460 Form are available from the FAA website at www.faa.gov or from the local FAA Airport District Office.

3. Plan Revisions (if required)

If the Airport Manager requests plan revisions after review of the final construction plan package, Tenant must complete the plan revisions and forward at least two (2) copies to the Airport Manager for further review and approval.

4. Airport Manager Approval

Upon complete approval of the final plan package by the Airport Manager, the Airport Manager will send an approval letter to Tenant. Tenant must give local municipalities a copy of the Airport Manager's approval letter. Municipalities require this letter prior to issuing construction permits.

Two (2) to three (3) weeks will be needed from submittal date (step 1) to issuance of approval letter (step 4), unless additional revisions are required because all required information necessary for review has not been submitted or Tenant is required to submit form 7460 as set forth in Section XVI.D.2 [FAA Form 7460 Submittal] above.

5. Permits

A building permit is not required for Airport Manager approval of Tenant's plans. However, a Tenant is required to obtain a building permit prior to beginning construction. Copies of all permits obtained from local municipalities and/or any other appropriate jurisdictions must be submitted to the Airport Manager prior to starting construction.

During MAC review process, the Reliever Airports Department and the Airport Development Department will review the plans for site grading and drainage, erosion control (if applicable), pavement/apron details (if applicable), sanitary sewer and water service to the site (if applicable), basic structural features, hangar layout, parking (if applicable), and traffic access to the site during construction. Detailed structural information, including but not limited to, roof trusses and wall sections will be reviewed by the agency issuing the building permit.

E. General Building Requirements

1. Newly Constructed Hangars

The following requirements shall apply to all newly constructed hangar buildings:

- a. A minimum separation shall be maintained between aircraft storage hangars for maintenance and fire access purposes. MAC Staff shall determine the actual separation at the time the Lease is issued. The building separation is purposely kept to a minimum to provide maximum area possible for hangar development. This space is not to be utilized for outside storage, nor is it represented as adequate spacing to preclude possible damage from snow, ice, or other elements or objects falling from adjacent hangars or collecting in the area. It is Tenant's responsibility to consider the potential of such damage occurring and give appropriate consideration to the design of the hangar walls and roof.

- b. All hangar buildings shall have a hangar door(s), concrete or bituminous floor, and concrete or bituminous connector(s) from the hangar to the alleyway.
- c. The typical pole type, metal covered hangar shall be sided, roofed, and have a hangar door of factory finished colored panels. The proposed hangar color(s) are to be submitted to the Airport Manager for approval prior to construction.
- d. A hangar constructed of other materials must be painted and the color(s) approved by the Airport Manager prior to construction. Pre-cast concrete panels do not require painting.

2. Security Fencing

If required by MAC, FAA, or the Transportation Security Administration, Tenant agrees to construct, relocate, replace, or maintain, at its own expense, and in accordance with any FAA and Transportation Security Administration standards, security fencing between the Leased Property and the Airport and any other fencing damaged or removed by Tenant in locations to be determined by MAC Staff. At all times before, during and after construction, Tenant must maintain fencing and other Airport security measures as determined by MAC Staff so as not to jeopardize Airport safety or security. The type of fence may vary, depending on location, to be determined by MAC Staff. The height of fence shall be six (6) feet or as otherwise required at any time by FAA or the Transportation Security Administration.

F. General Submittal Requirements

General submittal requirements are discussed below:

1. Design Standards

Final construction plans must be prepared and signed by a Minnesota registered Professional Engineer. Generally, a structural engineering sign-off is required for the hangar buildings; civil engineering and survey verification signatures are needed for site plans. Architectural signatures should be included, if appropriate. Drawings shall be 22" x 34" in size unless otherwise approved.

2. Height Restrictions

Structures and objects (such as construction cranes) are height restricted to prevent them from interfering with air navigation, (consistent with Federal Aviation Regulations Part 77), flight and navigation surfaces, radar shadowing, and with air traffic controllers ability to see all aircraft operating on pavements under their control from an Air Traffic Control Tower. Some hangar locations may be subject to height restrictions. As discussed in Section XVI.D.2. [FAA Form 7460 Submittal] above, Tenant shall submit a completed FAA Form 7460 and a line of sight study to the Airport Manager for review and subsequent submittal to the FAA for final approval of proposed building heights, if the building height is beyond that anticipated by MAC during the design of the building area. In some cases, a line of sight study will not be necessary if so approved by MAC or the FAA.

3. Grading Requirements

Grading must be designed with consideration given to the existing drainage of the building area. No site will be developed and no use permitted that results in water runoff causing ponding, flooding, erosion, or deposit of minerals on adjacent property.

Tenant is responsible for determining the suitability of the subgrade soils for construction.

All hangar sites are specifically designed for certain hangar floor elevations. Hangars must be built to the prescribed hangar floor elevation to ensure proper drainage for all adjacent buildings. Failure to comply with this requirement will require that the noncompliance be corrected at the expense of the tenant who created such noncompliance.

Maximum graded slopes shall be 3:1 (horizontal:vertical). Each tenant must provide the necessary grading to meet adjacent site elevations within the tenant's own site.

Once the Airport Manager approves a drainage plan, no modifications in grade or other such actions are permitted unless the change is reviewed and approved by the Airport Manager.

4. Sanitary Sewer and Water Connections

MAC has adopted a Policy for Sanitary Sewer and Water Installation at the Reliever Airports ("Sewer and Water Policy"). The Sewer and Water Policy outlines the requirements for tenant connection to sanitary sewer and water systems installed by MAC. The Sewer and Water Policy is attached as Attachment B for reference.

Commercial tenants must connect to MAC's sanitary sewer and water system if they are required by minimum standards to provide a restroom facility. All other tenants have the option of connecting to MAC's sanitary sewer and water system.

Tenants who connect to MAC's sanitary sewer and water system are responsible for all costs associated with the installation and maintenance of their connection from the utility lateral line to their hangar.

All tenants are required to close their private systems according to the timelines provided in the Sewer and Water Policy (Attachment B). No newly installed privately owned well or holding tank/septic systems are allowed under the Sewer and Water Policy.

5. Gas, Electrical, TV, Fiber Optic, and Telephone Utilities

All proposed utility locations must be shown on the final building plans submitted to the Airport Manager. The proposed connections for each utility must also be coordinated with the Airport Manager prior to contacting the utility company.

Gas, electrical, TV, fiber optics and telephone service can be arranged by Tenant at the sole cost of Tenant. Tenant is responsible for arranging for connection and service with the local utility companies, and paying for all charges associated with such utilities. All utility distribution lines must be buried.

MAC will not be liable for the absence of utilities. In addition, there will be no abatement of rent for the absence of utilities.

6. Security

Tenant will ensure all personnel working at the airport as part of Tenant's construction project are aware of the specific airport security requirements. Specifically, all contractors and/or consultants are prohibited from entering Air Operation Areas ("AOA") at all times. All contractors, consultants, and other unauthorized persons and vehicles are prohibited from entering runway and taxiway areas, and must keep within the access road and alleyway pavement areas at all times. Contractors and/or consultants shall not interfere with airport operations or access to any areas of the airport except with prior approval of the Airport Manager or the Airport Manager's designated representative.

7. Drainage Calculations

Tenant development will occasionally require Tenant to prepare a drainage design. If required, submittal requirements will be reviewed by MAC Staff. Site drainage design should be based on FAA Advisory Circular 150/5320-5 Airport Drainage. Drainage of leased areas shall be based upon a ten-year design.

Any modification to existing storm drainage systems that are required for runoff capacity shall be approved by the Airport Manager and shall be completed at the expense of Tenant.

8. Exterior Lighting

Lighting shall be shielded to prevent discharge of illumination, light scatter, or source glare above a horizontal plane, and to eliminate glare for aircraft pilots and Air Traffic Control personnel. Lighting shall also be mounted to minimize glare to pilots of aircraft and personnel on surrounding taxiways, taxilanes, and aprons.

9. Landscaping Plans

MAC will require that turf be established upon completion of hangar construction. Individual municipalities may also require some amount of landscaping be completed as part of hangar construction. If this is the case, a landscaping plan is required as part of the final plan submittal. This plan and/or details may be combined with the site plan(s) or may be included on a separate plan sheet.

10. Fencing

All proposed fencing, including heights and gate locations, must be coordinated with and approved by the Airport Manager, and be in compliance with the terms in Section XVI.E.2. [Security Fencing] above, if applicable. Fencing locations may be shown on the site plan(s) or on a separate sheet. If required by Airport Manager for airport security purposes, Tenant may be required to secure fence at all times, ensure that gates are kept closed, and restore or replace fencing to same height and materials should damage occur.

11. Tenant Signing

Commercial facilities are allowed a limited amount of outdoor signing on their Leased Property. The size, height, and square footage of allowable outdoor signage are

determined by local municipal ordinances and are subject to the approval of the Airport Manager.

A copy of each signage request must be forwarded to the Airport Manager for review and approval. Once the Airport Manager approves the signage request, Tenant must submit their request to the local municipality and/or any other appropriate jurisdiction for a signage permit.

A copy of a signage permit received must be submitted to the Airport Manager prior to the installation of any signage.

12. Record Drawings

MAC Staff will review submittal requirements on a case-by-case basis. Once construction is fully complete, all punch list items are complete, a Certificate of Occupancy is granted, and all changes and modifications are recorded on the plan drawings, Tenant shall submit one set of reproducible record drawings to MAC Staff.

13. Coordination of Construction Materials Storage

Any proposed area needed for storage of construction materials and waste receptacles must be approved by the Airport Manager.

G. Hangar Construction Submittal Requirements

A hangar constructed in an area designated for the storage of larger aircraft generally involves construction of apron pavements, parking areas, exterior lighting, and possibly landscaping. All of these items must be included in the final construction package for review. Private storage hangar construction usually only involves construction of a building, an access driveway, and limited site grading.

MAC Staff must approve all details of proposed construction. If Tenant fails to include certain aspects of the construction, MAC Staff will not approve those details until they are included on a final plan sheet and are submitted to MAC Staff for review.

The following checklist will identify requirements for submittal of the final construction package:

1. Proposed Site Plan, including lease lines; building footprint(s); adjacent alleyways, taxiways, or access roads; spot elevations; finished floor elevations; utility lines and service locations; site paving, grading and drainage; slopes for paved areas; turf establishment; and all design calculations and assumptions used.
2. Building Plans, including wall and roof heights, sections, elevations, and details showing: the scope of the intended construction; exterior finishes; window and door sizes; complete dimensions for all features; exterior lighting locations; the occupancy group and construction classifications; interior layout and details with room labels (if applicable); fire sprinkler and fire suppression systems (if applicable); proposed structural system and ratings; mechanical and electrical systems, loads, and service requirements; and other design calculations and information necessary to demonstrate the proposed work.

Unenclosed appurtenant structures such as stairs and decks are not permitted on the exterior of a hangar.

3. Construction Schedule
4. If constructing a hangar in an area specifically designed for larger aircraft, the following should also be included: Proposed aircraft fueling systems (if applicable); aircraft parking and maneuvering routes and areas; vehicular roadways and parking areas (if applicable); striping for parking areas; sidewalks; and landscape details.
5. Drainage Plan, if required by MAC Staff, including drainage calculations, drainage areas, pipe flows/calculations, and connections to existing systems.
6. Pavement sections and typical details.
7. Any other items requested by MAC related to the proposed construction.

H. Insurance Requirements for Construction

Tenant shall include and enforce the following provisions in any construction contracts for work done on the Leased Property or Airport (these provisions can also be found in Attachment D, for easy inclusion in construction contracts):

1. Contractors' and Subcontractors' Insurance

The contractor shall not commence work under this contract nor shall contractor allow any subcontractor to commence work until all insurance hereinafter required has been procured and such insurance is approved by MAC. Insurance shall be placed with companies rated A- or higher by A.M. Best and licensed or admitted to do business in Minnesota. Insurance as hereinafter provided shall be kept intact and in force throughout the term of this construction contract. The insurance shall be in a form satisfactory to MAC and copies of policies or certificates evidencing such coverage in full effect shall be furnished upon MAC's request during the duration of the construction contract.

The contractor shall furnish four (4) copies of an insurance certificate to MAC or its designated representative before any work is commenced and using the most current standard ACORD form as evidence of the required insurance. The contractor shall be responsible to provide at least fifteen (15) days' prior written notice to MAC in the event of cancellation, nonrenewal or any material change in the policies. The insurance certificate must be signed and dated by an authorized representative of the insurance company and a current copy must be maintained with MAC.

The contractor agrees to obtain, maintain, and pay for all insurance, as set forth below, that will insure for contractual liability and liability for all damages or injury to any person or any property in any manner connected with or resulting from the work provided for in this construction contract or resulting from the use by the contractor, subcontractors, or any of their agents and employees, of materials, equipment, or other property whether owned by MAC, the contractor, subcontractors, or third parties. All of contractor's insurance shall be primary and non-contributory by endorsement or by terms and conditions of the policy(s). MAC shall have all the same coverages as the contractor under the insurance policies by being named as an additional insured by endorsement or by terms and conditions of the policy(s).

The contractor agrees to provide the insurance, as set forth below, for the benefit of MAC, including all liabilities, losses, suits, claims, judgments, fines or demands against MAC (hereinafter "the Claim"), regardless of MAC's fault. The insurance policies shall not limit or delete MAC's coverage in any way based upon MAC's acts or omissions. The

insurance shall include coverage for MAC's legal fees and costs for investigation and defense of the Claim and any legal fees and costs incurred by MAC. The contractor shall be responsible for all deductibles. The furnishing of the required insurance shall not be deemed to limit contractor's obligations as set forth in this section. The contractor shall defend, indemnify and hold MAC harmless from any claims or liabilities as a result of the contractor's failure to procure and to keep in force the insurance required as part of this construction contract.

The contractor shall submit insurance renewals to a MAC contract administrator or its designated representative. Renewals must include project name and project location. Renewals submitted without this information will be returned.

The contractor waives any subrogation rights against MAC on all claims and insurance policies by endorsement or by terms and conditions of the policy(s).

Failure to provide insurance as required herein shall be a material breach of this construction contract, which may result in termination of this construction contract for cause.

2. Workers' Compensation Insurance

The contractor shall produce and shall maintain during the life of this construction contract workers' compensation insurance for all employees working on this project as required by statute and employer's liability insurance. The contractor shall also require that all subcontractors and sub-subcontractors maintain the same coverage and limits of workers' compensation insurance for their employees. The policy or policies shall contain a waiver of subrogation by endorsement or by terms and conditions of the policy(s) against MAC.

The contractor shall be responsible for ensuring subcontractors and sub-subcontractors maintain the insurance requirements outlined herein. Upon request, the contractor will be required to provide evidence of such.

3. Contractors' Comprehensive General Liability Insurance

The contractor shall procure and maintain, throughout the term of the construction contract, comprehensive general liability insurance covering contractual liability, personal injury including bodily injury and property damage liability with a combined single limit of \$1,000,000.00 for each occurrence and aggregate. The policy(s) shall contain an endorsement or terms and conditions of the policy(s) for cross liability and severability of interest coverage. All policies shall be primary and non-contributory by endorsement or by terms and conditions of the policy(s).

The comprehensive general liability insurance and umbrella liability insurance, if applicable, shall name the contractor as insured and shall also name MAC as additional insured by an endorsement or by terms and conditions of the policy or policies and shall provide contingent liability for operations of subcontractors and sub-subcontractors. The insurance shall cover completed operations and products liability as well as broad form contractual liability. Completed operations coverage shall be maintained for a minimum of five (5) years.

The property damage liability portion of the policy shall not contain any exclusions with reference to damage due to blasting, collapse, or underground facilities.

In lieu of MAC being named as additional insured on the contractor's comprehensive general liability insurance, the insurance may provide liability coverage for the benefit of MAC by means of MAC's protective liability policy subject to MAC's review and approval of such policy.

The contractor shall also require that all subcontractors and sub-subcontractors maintain the same coverage and limits of insurance outlined herein.

4. Comprehensive Automobile Liability Insurance

The contractor shall provide comprehensive automobile liability insurance covering bodily injury and property damage with a combined single limit of \$1,000,000.00 for each occurrence.

Comprehensive automobile liability insurance shall provide coverage for all automobiles owned by the contractor and all hired and non-owned vehicles. The contractor shall also require that all subcontractors and sub-subcontractors maintain the same coverage and limits of insurance. The contractor shall also provide contingent automobile liability insurance for the operations of subcontractors and sub-subcontractors to ensure coverage as described in this paragraph. The policy or policies shall name MAC as an additional insured by endorsement or by terms and conditions of the policy(s), subject to MAC's right to review as set forth in Section XVI.H.6. [MAC's Right to Review] below.

The contractor shall be responsible for ensuring subcontractors and sub-subcontractors maintain insurance requirements outlined herein.

5. Builders Risk Insurance

Contractor shall purchase and maintain property insurance upon the construction at the site in the amount of no less than the greater of (i) seventy-five percent (75%) of the contractor price for the construction or (ii) the amount required by laws and regulations. This insurance shall:

- (i) Include the interests of the MAC, Tenant, contractor, and subcontractors, each of whom is deemed to have an insurable interest, shall list the contractor as the insured, and list the MAC, Tenant, and subcontractors as additional insureds by endorsement or by terms and conditions of the policy or policies;
- (ii) Be written on a Builder's Risk "all risk" or open peril or special causes of loss policy form that shall at least include insurance for physical loss or damage to the construction, temporary buildings, falsework, and construction in transit, and shall insure against at least the following perils: (i) fire; (ii) lightning; (iii) explosion; (iv) windstorm or hail; (v) smoke; (vi) aircraft or vehicles; (vii) riot or civil commotion; (viii) theft; (ix) vandalism and malicious mischief; (x) leakage from fire extinguishing equipment; (xi) earthquake; (xii) sinkhole collapse; (xiii) collapse; (xiv) breakage of building glass; (xv) falling objects; (xvi) debris removal; (xvii) demolition occasioned by enforcement of laws and regulations; (xviii) weight of snow, ice, or sleet; (xix) water-damage; (xx) hidden decay; (xxi) hidden insect or vermin damage; (xxii) weight of people or personal property; (xxiii) weight of rain that collects on a roof; and (xxiv) the use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of construction, remodeling, or renovation;

- (iii) Include damages, losses, and loss of use expenses arising out of or resulting from any incurred loss, or incurred in the repair or replacement of any insured property;
- (iv) Cover materials and equipment stored at the construction site or at another location that was agreed to in writing by the MAC and/or Tenant prior to being incorporated in the construction, provided that such materials and equipment have been included in an application for payment recommended by the MAC's and/or Tenant's engineer(s)/architects(s); and
- (v) Be maintained in effect until final payment is made unless otherwise agreed to in writing by MAC, Tenant, and contractor with thirty (30) days written notice to each other additional insured to whom a certificate of insurance has been issued.

MAC and Tenant shall not be responsible for purchasing or maintaining any property insurance to protect the interests of the contractor, subcontractor, or others in the construction to the extent of any deductible amount. The risk of loss within such deductible amount, will be borne by contractor, subcontractor, or others suffering any such loss, and if any of them wishes property insurance coverage within the limits of such deductible amounts, each may purchase and maintain it at the purchaser's own expense. The policy or policies shall contain a waiver of subrogation by endorsement or by terms and conditions of the policy(s) against MAC.

6. MAC' s Right to Review

MAC, by and through its Insurance Risk Management Department and the Airport Manager, in cooperation with the contracting entity, reserves the right to review, modify, reject or accept any required policies of insurance, including coverages, endorsements, or raising or lowering limits herein from time to time throughout the life of this construction contract. MAC reserves the right, but not the obligation, to review and reject any insurer providing coverage because of its poor financial condition, or failure to operate legally.

I. Special Considerations for Painting and Demolition

Tenant is responsible for complying with any applicable requirements relating to lead and asbestos containing material. The Airport Manager can provide information regarding lead and asbestos containing material, including information regarding appropriate abatement procedures.

CHAPTER 6: SEWER & WATER

Section XVII. Sewer and Water

A. Sewer and Water Policy

Tenant shall comply with the Sewer and Water Policy. See also Section XVI.F.4. [Sanitary Sewer and Water Connections] above.

B. Sewer and Water Easement

1. Easement

MAC may grant to Tenant, as an appurtenance to the leasehold estate, an easement (“Sewer and Water Easement”) for the sole purpose of installation, use, repair and maintenance of the necessary piping and equipment from the Leased Property (“Connection”) to the watermain curb stop and corresponding sanitary sewer stub installed by MAC (collectively referred to as the “Curb Stop”), which Curb Stop is associated with the municipal sewer and water system located at the Airport, and for no other purpose. The location of the Sewer and Water Easement will be shown on Exhibit B to the Lease. Tenant shall at all times comply with all of the terms and conditions of the Lease with respect to the Sewer and Water Easement, and the terms set forth in this Section XVII [Sewer and Water]. The Sewer and Water Easement shall terminate when the Lease terminates.

2. Construction

Prior to installation, Tenant must, in accordance with Sections 9.2 [Plan Review and Approval by MAC] and 9.3 [Approvals From Other Entities] of the Lease, (a) obtain approval from MAC Staff as to the plans and specifications for construction and installation; and (b) obtain, at Tenant’s sole cost and expense, all applicable governmental licenses and approvals and a permit from the applicable municipality. Tenant shall arrange for construction of the Connection to the sewer and water systems from the Leased Property to the Curb Stop at Tenant’s sole cost and expense. Tenant shall only be allowed to install the Connection in the area of the Sewer and Water Easement as shown on Exhibit B to the Lease and as specifically directed by MAC Staff. The Connection shall be installed on or before the date which is the later of (a) six (6) months following the Commencement Date of the Lease, as defined in Section 2 [Term] of the Lease, or (b) the date required by the Sewer and Water Policy. After installation of the Connection, Tenant shall restore the area of the Sewer and Water Easement to the original grade and condition existing prior to installation. Tenant shall own the Connection. MAC shall own the Curb Stop.

3. Improper Transfer

The Sewer and Water Easement, or use rights and/or ownership of the Connection or any rights relating to the Connection, shall not be transferred by Tenant to any other person or entity without the prior written consent of MAC. Tenant shall be responsible for all expenses relating to an improper transfer by Tenant of the Sewer and Water Easement or Connection or any such rights related thereto.

4. Fees

Tenant shall pay to MAC the Airport Utility Charge as established by the Sewer and Water Policy, and shall be responsible for paying all other fees to the appropriate entity as described in the Sewer and Water Policy, or as otherwise required by such entity.

5. Meter Readings

Agents of MAC and any applicable governmental authority shall have access to the Leased Property as necessary to read water meters, or to otherwise comply with the governmental authority's process for meter readings.

6. Use, Repair and Maintenance

Tenant shall use the Connection for the sole purpose of accessing the municipal sewer and water system for proper purposes. Tenant shall repair and maintain the Connection in accordance with the terms of Section 11 [Maintenance] of the Lease, shall maintain the Connection in proper operating condition and shall incur all costs related to such repair and maintenance. Prior to repairing the Connection, Tenant shall obtain approval from MAC Staff. After repairs are made to the Connection, Tenant shall restore the Sewer and Water Easement to the original grade and condition existing prior to installation. In the event Tenant fails to make such repairs or to properly maintain the Connection, MAC may take action as allowed by the Lease and any applicable ordinance.

CHAPTER 7: INSPECTION GUIDELINES

Section XVIII. Inspection Guidelines

MAC retains the right to conduct inspections of the Leased Property and any Improvements and property located on the Leased Property, for any lawful purpose, for any purpose allowed by the Lease, and for the purpose of determining Tenant's compliance with the Lease or any applicable MAC ordinance.

Inspections generally fall into three (3) categories: (1) routine or periodic inspections conducted generally every one (1) or three (3) years ("Routine Inspections"); (2) inspections to determine compliance with the terms and conditions of Tenant's Lease ("Compliance Inspections") when the status of Lease compliance is in question; and (3) inspections based upon recurring or repeated deficiencies, Lease defaults, or failure to allow other inspections ("Demand Inspections").

These guidelines do not apply if (1) a MAC representative is on a Leased Property for a reason other than to conduct an inspection; (2) a MAC representative makes visual observations from outside of the Leased Property; or (3) an emergency exists that, in MAC's judgment, requires a MAC representative to immediately access the Leased Property. In any of these situations, MAC may provide Tenant with written notice of any observed deficiency or default in accordance with the Lease.

Furthermore, Tenant may request that an inspection be conducted for the purpose of identifying any issues that would be considered a deficiency or Lease default had the MAC initiated an inspection. The MAC will honor Tenant's request for such inspection as workloads permit. Any findings of such Tenant-initiated inspection will not result in the MAC declaring a Lease default but may result in the MAC scheduling a Compliance Inspection to verify that the items found in the Tenant-initiated inspection have been corrected.

The following guidelines apply to Routine, Compliance and Demand inspections:

A. Routine Inspections

All Leased Property will be inspected:

- once per year in the case of a commercial lease;
- once every three (3) years in the case of a storage lease;
- at least once during the term for leases which are not commercial or storage; and
- at any time in conjunction with a lease transfer, lease renewal or other lease request.

The purpose of a Routine Inspection is to verify compliance with the terms and conditions of the Lease.

1. Notice.

MAC will provide Tenant with prior written or verbal notice that a Routine Inspection will be conducted by MAC representatives. The notice will contain the name, office address and telephone number of the person conducting the Routine Inspection and will provide that the date and time can be reasonably adjusted once at the request of Tenant to accommodate conflicts in scheduling, but such extension will be within three (3) days of the initial inspection date or to a later date and time acceptable to MAC.

Should a second extension be requested, or if Tenant fails to show up for a scheduled inspection, or is there but fails to allow access, the MAC may declare a Demand Inspection or may treat the failure to allow an inspection as a default.

The notice will also advise Tenant of any fact(s) in the possession of the MAC that would, if true, be a violation of any of the terms and conditions of the Lease, as well as the consequences of such violation.

2. Consent

MAC may conduct a Routine Inspection without providing prior notice if Tenant consents to it.

3. Detection of Deficiency or Default

Any deficiency or default detected during a Routine Inspection will be treated in accordance with these guidelines and Tenant's Lease.

B. Compliance Inspections

All Leased Property will be subject to Compliance Inspection by MAC representatives when there exists a reasonable basis to believe that there exists a violation(s) of the terms and conditions of the Lease. In such case, a Compliance Inspection will proceed as follows:

1. Statement of Facts

MAC must have received from a credible and identifiable source, (which includes MAC staff), as reasonably determined by MAC, a reasonably articulate statement of facts, which supports a good faith belief that there exists a violation(s) of the terms and conditions of the Lease. The statement of facts received by, created by or gathered by MAC staff, may be written or verbal.

2. Notice

Based upon the statement of facts, MAC will provide Tenant with prior written or verbal notice of its intent to conduct a Compliance Inspection at a specified date and time. The notice will contain the name, office address and telephone number of the person conducting the Compliance Inspection. In the event that the specified date and time causes a justifiable hardship for Tenant, as determined by MAC in its reasonable judgment, such date and time may be extended to a date and time chosen by MAC which avoids such hardship.

MAC will only provide one extension of the inspection date, not to exceed twenty-four hours or as agreed to by the airport manager, based upon Tenant's hardship. Should a second extension be requested, the MAC may declare a Demand Inspection or may treat the failure to allow the inspection as a default.

If Tenant fails to show up for a scheduled inspection, or is there but fails to allow access, the MAC may declare a Demand Inspection or may treat the failure to allow an inspection as a default.

The notice shall advise Tenant of any fact(s) in the possession of MAC that would, if true, be a violation of any of the terms and conditions of the Lease, and the consequences of such violation.

3. Detection of Deficiency or Default

Any deficiency or default detected during a Compliance Inspection will be treated in accordance with these guidelines and Tenant's Lease.

4. Consent

MAC may conduct a Compliance Inspection without providing prior notice if Tenant consents to it.

C. Demand Inspections

In the event a MAC representative believes there exists a violation(s) of the terms and conditions of the Lease, and such failure has been the subject of at least one (1) previous Compliance Inspection, or in the event Tenant fails to schedule or allow access for a Routine or Compliance Inspection as set forth in Sections XVIII.A [Routine Inspections] and XVIII.B [Compliance Inspections], a Demand Inspection will proceed as follows:

1. Statement of Facts

Except in the case of Tenant's failure to allow a Routine or Compliance Inspection creating the basis for the Demand Inspection, MAC must have received from a credible and identifiable source, (which includes MAC staff), as reasonably determined by MAC, a reasonably articulate statement of facts, which supports a good faith belief that there exists a violation(s) of the terms and conditions of the Lease. The statement of facts received by, created by or gathered by MAC staff, may be written or verbal.

2. Conduct of Demand Inspection

A MAC representative may then conduct an inspection of the Leased Property on demand, in the presence of the Tenant, Subtenant, or other representative of the Tenant at the Leased Property at the time of the inspection. The Demand Inspection may not be refused.

In the event a Demand Inspection is refused, MAC may treat the failure to allow an inspection as a default and take whatever action it deems necessary or desirable to the extent allowed by Tenant's Lease or applicable law. In addition, MAC may obtain access to the Leased Property by any lawful means.

Any deficiency or default noted during a Demand Inspection will be treated in accordance with these guidelines and Tenant's Lease.

3. Follow-up Inspection

In the event a Demand Inspection reveals that the condition(s) does not exist and there is evidence of recent clean up, follow-up inspections may be conducted under the guidelines described in Section XVIII.H.2 [Follow-Up Inspection].

In the event a Demand Inspection reveals that the condition(s) does not exist and there is

no evidence of the deficiency, default, or recent clean up, MAC will not conduct any follow up inspection based upon the original statement of facts.

Nothing shall limit MAC's right to conduct another Compliance Inspection if new information becomes known which supports the need to conduct another Compliance Inspection.

D. Conduct of an Inspection

1. Identification

Prior to beginning an inspection the MAC representative will identify himself/herself. MAC identification will be shown if requested by Tenant or a Subtenant.

2. Additional Persons

MAC representatives or Tenant may be accompanied by additional persons that are invited by MAC or Tenant who are present at the time of the inspection or at the time of demand, in the case of a Demand Inspection.

3. Noting of Deficiencies or Defaults

The MAC representative will not be prohibited from noting any deficiencies or defaults that are in plain view during an inspection. Any noted deficiencies or defaults will be treated in accordance with these guidelines and the Lease.

4. Containers and Coverings

MAC representatives may look inside containers (such as drums) and underneath coverings (such as tarps) to determine compliance with the Lease.

5. Inspection Summary ("Summary")

- a. The MAC representative will, during and immediately following the inspection, complete a multi-copy form, the Summary. See Attachment C [Inspection Checklist]. A copy of the Summary will be provided to Tenant at the conclusion of the inspection.
- b. The MAC representative conducting the inspection will sign the Summary.
- c. The Summary will contain a section to be completed by the MAC representative which designates any required action by Tenant, and the scheduling of a follow-up inspection, if any.
- d. The Summary will contain a section to be signed by Tenant acknowledging receipt of a copy of the Summary or if Tenant refuses to acknowledge receipt, requiring the MAC representative to complete the section with "Tenant refused to sign a copy of Summary left at the Leased Property."

6. Pictures

Pictures of the Leased Property and pictures of items contained on the Leased Property may be taken by the MAC representative if related to the purpose of the inspection and documented in the Summary.

7. Follow-up Communication

A letter will be sent within a reasonable time following the inspection communicating any corrective actions needed. It is at this stage that a formal default notice will be provided, if applicable, in accordance with the Lease. A follow-up letter will not be sent if the Inspection Summary indicates that no corrective action is required.

E. Reporting of Results of Inspection

Depending upon the circumstances of each case, MAC may or may not report the results of an inspection to another governmental agency or subdivision, where compliance with applicable law is concerned.

1. Whenever possible, in MAC's sole discretion, MAC will allow Tenant an opportunity to resolve the condition or cease the activity prior to reporting the condition or activity to other governmental agencies or subdivisions.
2. MAC will always report potential criminal activity occurring at the Leased Property.
3. MAC may also be compelled by applicable law to report certain other conditions or activities occurring at the Leased Property.
4. MAC, as owner of the real estate, may also deem it advisable to report other conditions or activities occurring at the Leased Property to other agencies or subdivisions. An example of this would be a situation involving a failure of Tenant to obtain necessary permits such as storm water permits or hazardous waste permits. In other situations, a governmental agency may subsequently request that MAC provide the information.

F. Inspections by Other Governmental Agencies or Subdivisions

Other governmental entities may have their own independent authority to inspect the Leased Property. Examples of such agencies/subdivisions are FAA, BCA, FBI, DEA, local Police and Fire Departments, MPCA, MN Dept. of Health, MN DNR and Counties. Depending upon the circumstances of each case, MAC may or may not report the results of an inspection to another governmental agency or subdivision, where compliance with applicable law is concerned.

G. Environmental Inspections

In addition to the inspections described in these guidelines, MAC will conduct environmental inspections of Tenant's Leased Property in accordance with Tenant's Lease and Section XV [Environmental Responsibility] and this Section XVIII [Inspection Guidelines] of these Policies.

H. Deficiency or Default

1. Issuance of Default Notice

In the event any deficiency or default is noted, such deficiency or default shall be treated

in accordance with these guidelines and Tenant's Lease, and MAC may exercise any of its remedies as provided in the Lease. In the event such a deficiency or default was not described in the inspection notice provided to Tenant, the deficiency or default will not count as a default for purposes of the "Cumulative Default" clause of Section X [Default and Termination] of these Policies, even though it would otherwise qualify as such. In the event such a deficiency or default, or multiple deficiencies or defaults, was described in the inspection notice, each deficiency or default may count as a Cumulative Default under Section X [Default and Termination] of these Policies if it meets the definition of Cumulative Default in that Section X [Default and Termination].

Nothing herein will limit Tenant's obligation to rectify any deficiency or default noted by MAC. In the event a deficiency or default is noted, Tenant will be issued a written notice of default, in accordance with the Lease, and it will be the responsibility of Tenant to take corrective action.

2. Follow-up Inspection

In the event a deficiency or default is noted, MAC may schedule one or more follow-up inspections to determine the level of compliance or corrective action taken by Tenant, and one (1) final inspection to ascertain whether the condition has been corrected. The final inspection will not occur until after the period of time allowed Tenant to cure the deficiency or default has elapsed. In the event Tenant does not allow a follow-up inspection, (i) MAC may treat the failure to allow an inspection as a default and take whatever action it deems necessary or desirable to the extent allowed by Tenant's Lease and applicable law, and (ii) MAC may obtain access to the Leased Property by any lawful means.

In the event the deficiency or default has been found to be corrected, MAC will not conduct any more follow-up or additional Compliance Inspections based upon the deficiency or default specified in the original notice. This shall not limit MAC's right to conduct another Compliance Inspection or Demand Inspection in accordance with these guidelines, if new information becomes known which supports the need to conduct such an inspection.

I. Data Practices Act

All data collected and created by MAC during this inspection process is governed by the Minnesota Government Data Practices Act. This data is presumed to be public data with certain exceptions. For example, the identity of a person who complains to MAC about a violation of state law or local ordinances concerning the use of real property is not public data.

CHAPTER 8: FUELING

Section XIX. Fueling

Any requests for fueling must be submitted to MAC Staff for approval. Tenants must comply with any MAC fueling policy.

CHAPTER 9: EVENTS

Section XX. Fly-In / Static Display, Fly-Over / Rides, and Special Events

At least thirty (30) days prior to a fly-in / static display event, a fly-over / rides event, or a special event, Tenant, or any other party, shall request, in writing, consent for the event from MAC Staff and shall provide to MAC's Insurance Risk Department for approval event-specific insurance or coverage under existing policy or policies. Tenant must obtain written consent for the event and for the location of the event from MAC Staff, and approval of the policy or policies from MAC Insurance Risk Department Staff prior to the event date. No event may take place unless consent and approval are both received. Approval by MAC in no way indicates the insurance is adequate for the event.

All insurance shall be underwritten by companies licensed or admitted in Minnesota and having an A.M. Best rating of A- or better.

The requirements of this Section XX shall in no way limit the liability of Tenant to MAC.

A. Fly-In / Static Display Event

A minimum limit of \$1,000,000.00 per occurrence aviation liability insurance policy or policies for property damage, bodily injuries, or death of persons occurring at or incidental to the Airport. The policy or policies shall not have a deductible greater than \$10,000.00 and is primary and non-contributory by endorsement. All policies shall name MAC as an additional insured by endorsement.

B. Fly-Over / Rides Event

A minimum limit of \$5,000,000.00 per occurrence aviation liability insurance policy or policies for property damage, bodily injuries, or death of persons occurring at or incidental to the Airport. The policy or policies shall not have a deductible greater than \$50,000.00 and is primary and non-contributory by endorsement. All policies shall name MAC as an additional insured by endorsement.

C. Special Event

A Special Event is a one time or infrequent occurring situation that involves a congregation of people. For each Special Event, the risks and frequency of loss will be assessed by the Tenant, MAC Reliever Airport Manager and MAC Insurance Risk Management Department Staff. This process will be to mitigate the risk and assess the types of insurance and limits that are required for the Special Event.

D. Prohibition of Air Shows

Notwithstanding the provisions of this Section XX, any and all Aerobatics Activity (as defined herein) is prohibited from occurring at any of the Reliever Airports any time. Aerobatic Activity is defined as any intentional maneuver involving an abrupt change in aircraft attitude, an abnormal attitude, or abnormal acceleration, not necessary for normal flight.

Inherent in this policy statement is the position of the MAC that the airports in MAC's system exist to provide infrastructure and services to the aviation community to allow the conduct of normal aircraft activity. At any of MAC's seven airports, any unnecessary aircraft activity that would present a danger to the surrounding communities must be avoided. Because all of MAC's

airports are in close proximity to, if not entirely surrounded by, neighboring communities, any unnecessary aircraft activity that would pose a threat to people and property in these communities should not be condoned.

The Reliever Airports serve the purpose of providing for the needs of the general aviation community, thereby protecting the capacity of the air carrier airport, MSP. Any activity that might jeopardize MAC's ability to effectively operate its system of Reliever Airports, such as a closure of an airport to accommodate an air show, should be prevented.

In summary, Aerobatic Activity, the type of which is conducted at air shows, is representative of that type of activity that is not in keeping with the purpose for which MAC's airports exist.

This prohibition of air shows does not prohibit standard or normal aircraft operations from occurring as part of a fly-in / static display event, a fly-over / rides event, or a special event, as long as those events comply with all of the terms of this Section XX.

CHAPTER 10: SNOW REMOVAL

Section XXI. Snow Removal

Snow removal operations at the Reliever Airports will vary, depending upon the staffing level, equipment based at the airport, severity of snowstorms, and airport-specific needs. The following general guidelines apply to all airports.

Snow removal will begin when an estimated 1 ½ inches of dry snow or ½ inch of wet snow has fallen. Icing conditions will be addressed as they occur. Snow removal will be accomplished on a priority basis, with the runway(s) being top priority, followed by taxiways serving the cleared runway(s) and aircraft ramp areas. Alleyways, airport entrance roads and other areas will be the lowest priority. Every attempt will be made to keep the airports open as follows: St. Paul Downtown Airport operational 24 hours a day; Flying Cloud and Anoka County/Blaine Airports operational from 0600 until 2300 hours daily; and Crystal, Airlake and Lake Elmo Airports operational between 0700 and 2100 hours daily.

MAC maintenance crews will plow as close to the hangar buildings as is feasible without causing damage to the buildings or to the equipment being operated. It is Tenant's responsibility to keep the area in front of their hangar sufficiently clear of any objects to allow MAC to perform required snow removal. Tenant is also responsible to clear the remaining snow away from hangar doors and entryways.

MAC is not responsible for snow removal on Leased Property, such as Tenant's aircraft ramps or vehicle parking lots.

CHAPTER 11: SECURITY

Section XXII. Security

It shall be the responsibility of Tenant to provide adequate security, such as door locks and security lighting for all property owned, leased, or otherwise held by Tenant, its employees, agents, subsidiaries, licensees, or sublessees.

CHAPTER 12: REVIEW OF DECISIONS

Section XXIII. Review of Decisions

Any tenant or prospective tenant who disagrees with the decision of a staff member or the Lease Committee may appear before the Lease Committee to present additional information for consideration. Decisions of the Lease Committee can be further appealed to the Deputy Executive Director-Operations, or his/her designated representative. Decisions of the Deputy Executive Director-Operations can be further appealed to the MAC full Commission. The decision of the MAC full Commission shall then be the final decision of MAC.