



SRAA Commercial General Leasing Policy and Procedure

I. Purpose

The Federal Aviation Administration (“FAA”) requires any airport developed with Federal Grant Assistance to operate for the use and benefit of the public and for the airport to be made available to all types, kinds, and classes of aeronautical and non-aeronautical activity on fair and reasonable terms and without unjust discrimination. As a grant recipient, the Syracuse Regional Airport Authority (“SRAA” or “Authority”) therefore maintains a fee and rental structure for the facilities and services at the Syracuse Hancock International Airport (“SYR” or “Airport”) in an effort to make the Airport as financially self-sustaining as possible while avoiding unjust economic discrimination among classes of Airport users, taking into account such factors as the volume of traffic and economy of collection.

The purpose of the SRAA Commercial General Leasing Policy and Procedure is to 1) provide sound, consistent guidelines through which the SRAA can respond to the interests of financially sustainable and responsible Lessees; 2) administer Airport leaseholds in accordance with FAA grant assurances; 3) insure the SRAA’s ability to meet its obligation to provide a sustainable revenue source for the Airport; and 4) provide policy guidelines for Airport related business decisions.

The leasing of Airport property is regulated and influenced by local, state, and Federal law including, but not limited to, the policies and rules of the Federal Aviation Administration and the Department of Transportation (“DOT”), formal Policies adopted by the SRAA, and input from the community.

II. Policy

DOT/FAA guidelines require the SRAA to make the Airport as financially self-sufficient as possible. It is the SRAA’s policy, to the extent feasible, to charge fees for aeronautical uses¹ based on a reasonable and cost recovery basis.

Rates and charges for non-aeronautical use facilities shall be fair market value.

¹Aeronautical uses include air taxi and charter, air carrier service, pilot training, aircraft rental, aerial photography, crop dusting, aerial advertising and surveying, aircraft sales and service, aircraft storage, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, parachute and ultralight activities, among others.

III. Discussion

Implementation of this policy is supported by several documents maintained by the Authority that also have a bearing on the topic of this commercial general leasing policy. They include, but are not limited to, the following:

- A.) Airport Rules and Regulations
- B.) Airport Minimum Standards
- C.) The approved budget for the Airport, including the Schedule of Rates and Charges
- D.) The terms and conditions of lease and/or license agreements issued by the Authority (see below)

Table 1. indicates the general form agreements issued by the Authority for the following purposes:

Table 1. SRAA General Form Agreements

Type of Agreement	Description
Long-Term Lease Agreement	A Long-Term Lease Agreement is generally used for the leasing of Airport property or facilities for a period greater than 5-years. The terms and conditions of the lease will factor in the conditions of the arrangement being sought with the Authority, with the underlying policy that leases will be based on a cost recovery basis while avoiding unjust economic discrimination among classes of Airport users. Long-term leases are usually more complex in nature and require the leasee to make or invest in capital improvements to the leasehold during the term of the lease. Consideration for the level of investment in the leasehold is incorporated into the agreed upon terms of the agreement, including the length of term and rates and charges therein.
Short-Term Lease Agreement	A Short-Term Lease Agreement is used for leasing Airport property or facilities for a period of more than 1-year and less than 5-years. Short-term leases usually would not require investment in capital improvement to the leasehold, although exceptions may be made.
Month-to-Month Rental Agreement	A Month-to-Month Rental Agreement is used for the rental of facilities, "as is" and without improvement, on a monthly basis. Month-to-Month rental agreements are cancelable by either party upon 30 days written notice.
Other	The Authority may, from time-to-time, develop custom lease or business agreements for those instances not covered by one of the form agreements above.

As a general rule in accordance with industry standards, rental rates for certain property uses—such as retail, including both convenience store and non-convenience store formats; food and beverage; hotels; or other forms of use may, in addition to rent, include a percentage of Lessee’s gross income from the use of the leasehold.

In specific circumstances which are not covered by established rates, fair market value will be determined by an independent certified appraisal of the specific parcel and the rental rate will be negotiated to achieve the SRAA’s intended return.

IV. Amendments, Renewals, and Unsolicited Proposals

A.) Amendments. The SRAA reserves the right to amend any existing lease that it deems is in the best interest of the Airport. Amendments may be in several forms, including providing existing tenants the first opportunity to lease a vacant adjoining parcel in support of both the tenant’s and Airport’s needs.

B.) Renewals. Renewals of Long-Term and Short-Term leases are offered to existing tenants as a matter of first refusal provided that the tenant’s lease is in good standing in all regards. In the instance of default of the lease, a renewal may not be entered into by the Authority and the tenant will be required to vacate the premises. Renewals will be based on SRAA policies, rates, and charges that are in effect at the time of renewal.

C.) Unsolicited Proposals. Under certain circumstances—i.e., multiple parties interested in a single piece of property or few/no remaining parcels available for a specific aviation-related use—the SRAA may use a proposal process prior to approving a lease for a particular parcel. In the event the SRAA receives an unsolicited proposal to develop and/or occupy previously undeveloped or occupied property at the Airport, the SRAA will undertake the following actions prior to entering into a lease with a proponent based on an unsolicited proposal.

- 1.) Issue a **Request for Interest (“RFI”)** on the property in order to determine the market demand for the property. If there are no responses to the RFI, the SRAA may enter directly into lease negotiations with the proponent.
- 2.) Issue a **Request for Proposals (“RFP”)**. If the Authority receives responses to an RFI, other than the initial proponent, the SRAA will issue an RFP for the development and occupancy of the property. Such an RFP will provide the requirements for proposals to be submitted to the Authority for consideration, as well as the evaluation criteria the Authority will use to select a proponent to enter into negotiations with.
- 3.) In the event the Authority issued an RFI or an RFP for a parcel of property that did not generate a response, the Authority may, for a period of 18 months from the time of issuance of the RFP/RFI, **enter directly into negotiations** for a lease with a new proponent of the property. In the event more than 18 months has lapsed, the Authority will re-issue an RFI or RFP, as appropriate, prior to engaging into lease negotiations on an unsolicited proposal.

4.) **Publication.** RFIs and RFPs shall be published on in the New York State Contract Reporter in addition to the Authority’s web site at syrtraa.com/bids-rfp-rfq/

V. Land Uses

Airport Master Plans and Airport Layout Plans (collectively “ALPs”) have been developed for the Syracuse Hancock International Airport and are periodically updated. These plans are reviewed and approved by the FAA and the SRAA following public review and input. Among other purposes, these plans provide guidance to Airport staff and the SRAA Board in land use/leasing decisions. The SRAA lease documents specify permitted use of Airport property and any land use restrictions which may apply.

VI. Lease Requests

Potential tenants shall submit a fully completed Lease Application to the Airport’s Contract Administrator (in the form provided) including such additional information as may be required for review by the Airport’s Executive Director and consideration by the SRAA Board.

Applications will be reviewed based on parameters included in this leasing policy including, but not limited to, the following:

1. The proposed use is appropriate and consistent with the ALP, Master Plan, and other relevant land use planning documents;
2. Said approval would not constitute a violation of FAA Grant Assurances;
3. Said approval will serve the best interests of the Airport;
4. In the event the request is for a commercial aviation use, the applicant’s proposed use of the property will comply with the requirements of the approved Minimum Standards to Conduct Aeronautical Activity for the Airport and would be in compliance with the Airport’s Rules and Regulations.

VII. Lease Agreements and Legal Review

SRAA leases are designed to protect the public interest and contain more restrictive clauses than private sector leases. SRAA leases shall obligate Lessee’s to the responsibilities and obligations associated with possession and control of Airport real property including, but not limited to, compliance with all Federal, state, and local laws and regulations.

SRAA leases may be subject to review by legal counsel and will, at a minimum, conform to local/regional standards of tenant responsibility and liability. Lease language may be periodically updated to reflect changes in FAA regulation and real estate law, as well as to meet a changing economic environment and other risks associated with land ownership.

VIII. Lease Term

A. Standard Long- and Short-Term Leases

The length of a Lease Term is determined by property designation on the ALP, the prospective Lessee's proposed use, and the level of private investment for leasehold improvements. Standard lease terms are, generally:

1. For corporate or private aircraft hangars: 15 years with two five-year options to extend
2. For non-hangar commercial leases: 20 years with one five-year option to extend
3. For FBO leases: Per negotiation

B. Exception to Standard Term

On a case-by-case basis, the SRAA may consider a significantly longer lease term to support Airport property development and to allow a Lessee to amortize its investment based on the following criteria:

1. Services provided to the public, Airport tenants, and/or Airport users,
2. Present and future potential for job creation and impact on the local economy,
3. The possible extension of public infrastructure and benefit to the Airport for meeting future development needs (i.e., roads, water, sewer, etc.), and/or
4. Potential to attract other new aviation or non-aviation related business to the Airport

IX. Construction of Leasehold Improvements

Leasehold improvements must be constructed in accordance with the Syracuse Regional Airport Authority guidelines. Height restrictions, lot-line setbacks, appropriate parking, building design, quality of construction, and other requirements are controlled by the FAA, local building codes, and the SRAA.

X. Subtenant Approval

Upon application to, and written approval of the SRAA, a Commercial Aviation Operator ("Operator") may sublease a portion of its leasehold improvements to provide additional aviation-related services at the Airport. The proposed sub-tenant is subject to all of the terms and conditions of the tenant's base lease, as well as the Airport's Minimum Standards and Rules and Regulations. In instances where the tenant's base lease contains a provision for the percentage of gross sales as a portion of rent, the gross sales of any sub-tenant shall be subject to the same percentages which shall be collected by the Lessee, and submitted to the Authority along with a monthly sales report provided by the Airport.

To obtain approval for sub-tenant occupancy, the Lessee shall submit a fully completed Subtenant Application to the Airport's Contract Administrator in the form provided, together with such additional information as may be required for review by the Airport's Executive Director and consideration by the SRAA Board. The information will be reviewed based on parameters included in

this Leasing Policy including, at a minimum, the following:

1. The proposed use is appropriate and consistent with the ALP, Master Plan, and other relevant land use and planning documents;
2. Approval will not constitute a violation of FAA Grant Assurances;
3. If approval is requested for a commercial subtenant, the use of the property will comply with the requirements of the approved Minimum Standards and Rules and Regulations for the Airport.
4. For sub-tenants, a written acknowledgment of the Lessee that the sub-tenant understands the following requirements for the sublease:
 - a. That the indemnity and Insurance of Owner or Operator's Sublease Agreement with the SRAA requires minimum levels of insurance coverage (including naming SRAA and the City of Syracuse as insured).
 - b. That the all sub-tenants will comply with Airport Safety and Security Plan provided by SRAA and all applicable governmental requirements pertaining to security and safety and the above-named parties' use of the Airport and operation/utilization of the Leased Premises to comply with the Airport Security Plan and all governmental requirements.
 - c. That the sublease requires all guests, invitees, and those entering or doing business on the leased premises to comply with the Airport Security Plan and all governmental requirements.
 - d. That the proposed sub-tenant understands its obligation to pay the Authority a percentage of gross revenue, where applicable, along with a forecast of projected annual gross revenue over the term of the sub-tenant agreement.

XI. Managed Aircraft

An Operator who neither leases nor owns the aircraft based on its leasehold, but manages the aircraft for the owner, will be subject to the fuel storage requirements established for Fixed Base Operators by the Minimum Standards and Airport Rules and Regulations. The Airport's policy regarding fuel storage and flowage fees shall apply.

XII. Assignment of Lease

Assignment of all short- and long-term leases at the Airport are subject to the prior written approval of the Authority.

Lessee shall request approval to assign its lease at least (60) days prior to desired transaction date to the Airport's Contract Administrator (in the form requested) together with such additional information as may be required for review by the Airport's Executive Director and consideration by the SRAA Board.

Documents and information to be provided for approval shall include:

- 1.) Name of the proposed assignee (if a limited liability company, corporation,

partnership, or other association, the names of the controlling interest owners must be supplied);

- 2.) A copy of the document to be used to facilitate the assignment (i.e., bill of sale, sales agreement, etc.);
- 3.) Purpose for the assignment;
- 4.) SYR Lease License Application
- 5.) Payment of any administrative fee established by the SRAA in the current Rates, Fees and Charges.

The SRAA shall not approve a lease assignment until the leasehold is inspected and in compliance with the provisions of the existing lease.

XIII. Leases for Commercial/Industrial Development/Commissions for Brokers

General

Subject to all of the conditions of the SRAA Leasing Policy and Procedures as stated herein, if the SRAA leases a parcel of land to a tenant or developer for non-aviation industrial/or commercial development with prior approval from the FAA for such use, the lease may be made for a base lease term of up to forty (40) years inclusive of options to extend.

Broker Commissions

The SRAA will not approve an exclusive listing/marketing agreement for the development and occupancy of its available property. The SRAA may, at its discretion, pay a reasonable broker commission based on the gross rental of the initial term of the Sublease ("Rental Commission") at closing, to any licensed commercial real estate broker who brings the SRAA a tenant that enters into a long-term lease of SRAA properties and facilities.

No commissions of any kind, whether Rental Commission or otherwise, shall be paid on new or renewed subleases for existing tenants, or their approved successors or assignees.

XIV. Through the Fence Operations

Through the fence operations are not permitted at the Syracuse Hancock International Airport.

XV. Revisions to Policy

The SRAA reserves the right to revise this policy, or to waive any portions of the policy deemed necessary or desirable with regard to the day-to-day management of facilities and real estate under its jurisdiction.