

Leasing Policy for Commercial Property

Oregon Department of Aviation

AS APPROVED BY THE STATE AVIATION BOARD

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TABLE OF CONTENTS

SECTION I: INTRODUCTION.....	3	SECTION II: LEASING
POLICY.....	4	SECTION III: MISSION
STATEMENT.....	5	SECTION IV:
DEFINITIONS.....	6	SECTION V: LEASE
APPLICATION.....	14	SECTION VI: GENERAL LEASE
PROVISIONS.....	18	SECTION VII: COMPETITIVE REQUEST FOR
PROPOSAL.....	24	SECTION VIII: INGRESS/EGRESS
PERMITS.....	25	SECTION IX: APPLICABLE STATE
DOCUMENTS.....	26	

SECTION I - INTRODUCTION

The Oregon Department of Aviation (ODA) owns and operates a system of general aviation airports which are divided into four classes as defined in the Oregon Administrative Rules, Chapter 738, Division 10, Section 738-

10-015. As set forth by the Federal Aviation Administration (FAA) by way of its Airport Sponsor Assurances, any airport developed with Federal grant assistance is required to operate for the use and benefit of the public and is to be made available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination. As the Airports' sponsor, ODA receives Federal airport development funding. This Leasing Policy for Commercial Aeronautical Activities will assist ODA in maintaining compliance with the Airport Sponsor Assurances, as not to jeopardize their ability to obtain future Federal airport development funding, as well as to provide for the fair and equitable treatment of all Airport commercial tenants and users. This Policy has further been developed to assist the ODA in competing fairly with other airports and to maintain fiscal responsibility of the assets entrusted to the Department by the residents of the State of Oregon.

The purpose of this document is to set forth a standardized system for the leasing and rental of Airport properties performing commercial aeronautical activities, which will be utilized for all future commercial tenants of the Oregon State-owned Airports, and to assist the ODA in maintaining compliance with the Federal Aviation Administration (FAA) Policies, Regulations, guidance documents and Advisory Circulars.

SECTION II - LEASING POLICY

This Leasing Policy for Commercial Aeronautical Activities document is intended to provide potential and current commercial tenants an understanding of the policies and processes used by the State of Oregon Department of Aviation (ODA) when leasing commercial property or providing access to a State-owned Airport. This document sets forth the parameters for leasing Airport land, or accessing Airport property, and has established the following purposes:

- Maintain ODA's public-use Airports in a safe manner to ensure that the Airports can fulfill their role in the State's emergency response system
- Preserve investments in the ODA's system of Airports and their level of service
- Facilitate orderly management of the Airport(s)
- Ensure provisions of high-quality leasing procedures, ODA services, and consistent quality of facilities
- Provide equitable and uniform treatment of all tenants and users
- Advance qualified aviation-related services on the Airport(s)
- To assist ODA in the well-ordered development of all State-owned Airports
- To ensure compliance with applicable laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application and acceptance of Federal Funds
- Facilitate and foster good relations with all local airport communities and their residents
- Enable conformity with approved Airport Master Plans
- To make the Airports available for public use on reasonable terms without undue discrimination
- Assist ODA in maintaining a fee and rental structure with the goal of financial self-sustainability
- Development and oversight of the Oregon Aviation Plan
- Ensuring economic growth by providing access to State, regional, and national markets

SECTION III - MISSION STATEMENT

The Oregon airport system is an important component of the State's overall transportation network,

generating economic growth and enhancing livability throughout the State. The Oregon Department of Aviation has established this Leasing Policy for Commercial Aeronautical Activities to foster safe, efficient, and high quality commercial aeronautical services offered to Airport users and tenants.

The Oregon Department of Aviation's goals include developing aviation as an integral part of Oregon's transportation network; creating and implementing strategies to protect and improve Oregon's aviation system; encouraging aviation-related economic development; supporting aviation safety and education; and increasing air service and general aviation services in Oregon.

Additionally, one of the State's primary goals is to ensure the existing and future airport system will be adequate to meet the needs of the Oregon citizens and businesses relative to air mobility.

SECTION IV - DEFINITIONS

All definitions contained in this section apply to the Oregon Department of Aviation Minimum Standards, Rules and Regulations, Leasing Policies, and Rates and Charges Policy regarding State-owned Airports.

A. Aircraft

(1) Aircraft --means any contrivance used or designed for navigation of or flight in the air, but does not mean a one-person motorless glider that is launched from the earth's surface solely by the operator's power.

(2) Air Charter or Taxi - the commercial operation of providing air transportation of person(s) or property for hire by either on a charter basis or as an air taxi operator.

(3) Aircraft Fuel -all flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating an internal combustion, jet, or turbine engine.

(4) Aircraft Operation -an aircraft arrival at, or departure from, the airport.

(5) Aircraft Owner -a person or entity holding legal title to an aircraft, or any person having exclusive possession of an aircraft.

(6) Aircraft Parking and Storage Areas -those hangar and apron locations of the Airport designated by the ODA Director or Airport Manager for the parking and storage of aircraft.

(7) Aircraft Rental -the commercial operation of renting or leasing aircraft to the public for compensation.

(8) Aircraft Sales - the sale of new or used aircraft through brokerage, ownership, franchise, distributorship, or licensed dealership.

(9) Based Aircraft - an aircraft which the owner physically locates at the airport for an undetermined period, and whenever absent from the Airport, its owner intends to return the aircraft to the airport for long-term storage.

B. General

(1) Aeronautical Activity -any activity or service conducted at the Airport that involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations. These activities include, but are not limited to, air taxi and charter operations, aircraft fueling, aircraft storage, flight training, aircraft rental, aircraft sales, aircraft repair and maintenance, and any other activities, which because of their relationship to the operation of aircraft can appropriately be regarded as an "aeronautical activity."

(2) Airframe and Power Plant Maintenance - the commercial operation of providing airframe and power

plant services, which includes the repair, maintenance, inspection, constructing, and making of modifications and alterations to aircraft, aircraft engines, propellers and appliances including the removal of engines for major overhaul. This category of service also includes the sale of aircraft parts and accessories.

(3) Airport - means any area of land or water, within or without this state, that is used, or intended for use, for the landing and take-off of aircraft, and any appurtenant areas that are used, or intended for use, for airport buildings or other airport facilities or rights of way, together with all airport buildings and facilities located thereon.

(4) State-owned Airport – any airport owned and operated by the State of Oregon, Department of Aviation

(5) ALP - the current Airport Layout Plan or drawing available for each of the Oregon State-owned Airports.

(6) Commercial Aeronautical Activity - the conduct of any aspect of a business, concession, operation, or agency in order to provide goods or services to any person for compensation or hire.

An activity is considered a commercial activity regardless of whether the business is nonprofit, charitable, or tax-exempt.

(7) Commercial Operator (Operator) - a person, firm, corporation, or other entity conducting commercial aeronautical services or activities at the Airport for compensation or hire.

(8) Exclusive Right - a power, privilege, or other right excluding or debarring another from enjoying or exercising a like power, privilege, or right. An exclusive right can be conferred either by express agreement, by the imposition of unreasonable standards or requirements, or by any other means.

(9) General Aviation - all phases of aviation other than aircraft manufacturing, military aviation, and scheduled or non-scheduled commercial air carrier operations.

(10) Hazardous Material -any substance, waste, or material which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous, and is regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of Oregon, or any political subdivision thereof, and the presence of which requires investigation, removal and/or remediation.

(11) Minimum Standards -the qualifications or criteria, which may be established by the Airport owner as the minimum requirements that shall be met by businesses offering commercial aeronautical activities for the right to conduct those activities. These “operating” Minimum Standards are different from and not related to the Airport “dimensional & layout” minimum standards described in the Oregon Administrative Rules 738, Division 20.

C. Governmental

(1) ODA - the Oregon Department of Aviation (formerly the Oregon Department of Transportation-Aeronautics Division) established by the Oregon State Legislature on July 1, 2000.

(2) Director -the duly appointed Oregon Department of Aviation Director or the Director’s designee.

(3) Airport Manager – the designated individual appointed by the Director to administer and manage all operations of the Airport and Airport facilities, and to supervise all Airport projects or their designee.

(4) Airport Classifications - the five classifications of Oregon Airports as defined in the Oregon Aviation Plan dated February 2000:

(5) FAA - the Federal Aviation Administration.

(6) FAR - the Federal Aviation Regulations as published by the FAA.

CATEGORY	SIGNIFICANT FUNCTION	DESIGNATION CRITERIA
1) Commercial Air Service Airports	Accommodate scheduled major/national or regional/commuter commercial air carrier service	Scheduled commercial air service
2) Business or High Activity Aviation Airports	Accommodate corporate aviation activity including business jets, helicopters, and other general aviation activities.	30,000 or more annual operations, of which a minimum of 500 are business related (turbine) aircraft. Business use heliports.

3) Regional or General Aviation Airports	Accommodate a wide range of general aviation users for large service areas in outlying parts of Oregon. Many also accommodate seasonal regional fire response activities with large aircraft.	Generally less than 30,000 operations Geographically significant locations with multiple communities in the near service area. Nearest Category I airport is more than 90 minutes average travel time by road.
4) Community General Aviation Airports	Accommodate general aviation users and local business activities.	2,500 or more annual operations or more than ten based aircraft.
5) Low Activity General Aviation Airports	Accommodate limited general aviation use in smaller communities and remote areas of Oregon. Provide emergency and recreational use functions.	Less than 2,500 annual operations and ten or fewer based aircraft.

D. Fueling

(1) Fueling or Fuel Handling -the transportation, sale, delivery, dispensing, or draining of fuel or fuel waste products to or from aircraft.

(2) Fuel Storage Area - any portion of the Airport designated temporarily or permanently by ODA as an area in which gasoline or any other type of fuel may be stored or loaded.

(3) Self-Service Fueling - the commercial operation of an unmanned stationary fuel tank and dispensing equipment for general use via a card reader. This includes the operations of anyone utilizing this type of equipment to provide fuel for sale or reuse.

(4) Self-Service -Individuals with approved fuel storage for use in owned aircraft only or individuals dispensing fuel into aircraft they own from portable containers.

E. Lease and Agreements

(1) Lease -the written contract between the Oregon Department of Aviation and an Operator (Lessee) specifying the terms and conditions under which an Operator may occupy and operate from certain Airport facilities and/or property.

(2) Sublease - the written agreement stating the terms and conditions under which a third party Operator leases space from a Lessee for the purpose of providing aeronautical services at the Airport.

(3) Agreement - the written agreement between the Oregon Department of Aviation and an Operator specifying the terms and conditions under which the Operator may conduct commercial aviation activities or access the airport property “through-the-fence”,

(4) Permit -administrative approval issued by the Oregon Department of Aviation to a person or company to conduct a commercial aeronautical activity, and provide such services, to based and transient aircraft, only from facilities and locations where such services are authorized.

(5) Person -an individual, corporation, firm, partnership, association, organization, and any other group acting as an entity, to conduct business on the Airport. Person includes a trustee, receiver, assignee or similar representative acting for or in place of lessee.

(6) Caretaker - a Person under contract agreement with ODA to oversee, inspect, and maintain specific Airport facilities and operations.

(7) Lessee – any person with a lease to occupy space and engage in commercial aviation activities at the Airport

F. Commercial Aeronautical Activities

(1) Avionics Sales and Maintenance - the commercial operation of providing for the repair and maintenance of aircraft radios, instruments and accessories. Such operation may include the sale of new or used aircraft radios, instruments and accessories.

(2) Fixed Base Operator (FBO) - a full service commercial operator who engages in the primary activity of aircraft refueling, and additionally conducts two of the approved secondary activities: airframe and power plant maintenance, flight training, aircraft rental, avionics maintenance and sales, air charter or taxi, and aircraft storage/hangars.

(3) Flight Training -the commercial operation of instructing pilots in dual and solo flight, in fixed or rotary wing aircraft, and related ground school instruction as necessary to complete a

FAA written pilot's examination and flight check ride for various categories of pilots licenses and ratings.

(4) Flying Club – a non-commercial and nonprofit entity organized for the purpose of providing its members with any number of aircraft for their personal use and enjoyment. The flying club shall be the aircraft owner, and the club may not derive greater revenue from the use of the aircraft than the cost to operate, maintain, and replace the aircraft.

(5) Preventive Aircraft Maintenance -maintenance that is not considered a major aircraft alteration or repair and does not involve complex assembly operations as listed in FAR Part 43, except for Item 22 in the Regulation. Item 22 involves the replacement of prefabricated fuel lines, and shall, for purposes of these regulations, be considered a major aircraft repair.

(6) Specialized Aviation Service Operation (SASO) - an aeronautical business that offers a single or limited service according to established Minimum Standards. Examples of a SASO include, but are not limited to: flight training, aircraft maintenance, air charter or taxi, aircraft sales, avionics maintenance and sales, and aircraft storage.

G. Infrastructure

(1) Airport Operations Area or AOA - the area of the Airport used for aircraft landing, takeoff, or surface maneuvering including the hangars, navigation, and communication facilities.

(2) Airpark – a development or area not located on, but lying adjacent to, and with access to the AOA. Said area may include permanent residences, structures, and taxilanes.

(3) Roadway - any street or road whether improved or unimproved, within the boundaries of the Airport and designated for use by ground vehicles.

(4) Taxilane -the portion of the Airport apron area, or any other area, used for access between taxiways and aircraft parking or storage areas.

(5) Taxiway - a defined path established for the taxiing of aircraft from one part of the Airport to another.

(6) UNICOM - a two-way communication system operated by a non-governmental that provides airport advisory information.

(7) Vehicle Parking Area -any portion of the Airport designated and made available temporarily or permanently by ODA for the parking of ground vehicles.

SECTION V – LEASE APPLICATION

5.1 Application

To obtain a commercial lease at a state-owned airport, a person shall submit a written application to ODA for review. The application shall be on the form provided by ODA. As a prerequisite to occupancy on and the granting of commercial operating privileges at a State-owned Airport, the prospective Operator must submit a specific, detailed description of the scope of the intended commercial aeronautical activities, and the means and methods to

be employed to accomplish the contemplated activities. Required information for commercial aeronautical activities shall include:

- A. The legal name of the entity filing the Application and its business name (if different).
- B. The name, address, and telephone number of the entity and primary contact person.
- C. The names, addresses, and phone numbers of all owners of 5 percent or more equity interest, management control, or debt in the entity.
- D. The proposed date for commencement of the intended activities and proposed term for conducting same.
- E. A comprehensive listing of all activities proposed to be offered, along with copies of all applicable Federal, State, or local operating certificates and licenses held.
- F. For proposed agreements to lease (or requests for assignment) existing structures or improvements, a description of the size, location, and proposed utilization of office, hangar, tiedowns, and vehicle parking areas to be utilized.
- G. For proposed agreements for lease (or requests for assignment) of unimproved Airport areas, a layout (to scale) of the size, configuration, and location of the property desired to be occupied and a preliminary drawing of the buildings and improvements to be constructed, together with identification of vehicle parking areas. Drawings should be legible and reproducible with clearly defined dimensions. Each drawing should be on an 8.5 inch x 11 inch paper as a minimum and be drawn in ink. ODA retains the right to request a metes and bounds legal description of lease property boundaries.
- H. The number of persons to be employed, including the names and qualifications of each management/supervisory person, and specifications as to whether the employees will be full-time, part-time, or seasonal.
- I. The number of aircraft to be utilized in connection with the proposed activities and the make, model, passenger seating capacity, cargo capacity, aircraft registration number, and copies of applicable operating certificates for each aircraft.
- J. The equipment, vehicles, and inventory proposed to be utilized in connection with the intended activities.
- K. Additionally, ODA may request to see a written business plan.

Note: The prospective lessee is responsible for providing any required infrastructure to support their proposed use of the site, at the lessee's expense. The prospective lessee shall provide to ODA prior to any construction, occupancy or use of the site written confirmation that all required services have been or will be installed (power, water, fire suppression, sewer, etc). Services must comply with local government and ODA requirements.

5.2 Financial Responsibility

A. As evidence of the Applicant's financial capability, the Applicant must demonstrate the financial capability to initiate the activities, construct proposed improvements, and provide working capital to perform proposed activities. The demonstration of financial capabilities shall also include cash flow and profit and loss calculations for the first five-years of the proposed operation, a three-year historical profit and loss statement (if applicable), and a current (within 90-days) balance sheet.

B. Lease applicants who will be constructing leasehold improvements shall provide ODA evidence, in a form acceptable to ODA, of its ability to supply proof of the applicant's financial ability to complete the project, in one of the following forms:

- 1 A performance bond in the amount equal to the cost for constructing the proposed improvements. The performance bond may be supplied by a contractor.
- 2 An irrevocable letter of credit guaranteeing funds to complete the project.
- 3 An escrow agreement administered by a title and escrow company.
- 4 A trust administered by a commercial bank.
- 5 Experience

The prospective operator shall furnish ODA with a statement of its past experience in providing the specified commercial aeronautical service for which the application is being made, including resumes of management individuals who will be directly responsible for the proposed operation, together with, business, financial and managerial references. This information must be presented in a form acceptable to ODA, which may include a written business plan.

5.4 ODA Review of Application

ODA shall review the application and financial responsibility documentation and determine whether to approve or deny the application. The decision shall be conveyed in writing to the applicant.

ODA may deny any application if it is determined that

(A) The Applicant's proposed activities, operation, and/or construction would create a safety hazard at the Airport and/or surrounding community.

(B) The Applicant for any reason does not fully meet the qualifications, standards, and requirements of the Airport Minimum Standards. The burden-of-proof shall be on the prospective operator and the standard-of-proof shall be by clear convincing evidence.

(C) The granting of the application will require ODA to expend funds, or supply labor or materials, in connection with the proposed activity and/or construction that ODA is unwilling to spend, or the proposed activity and/or construction will result in a financial loss (or hardship) to the Airport.

(D) No adequate or available space or buildings exist at the Airport, which would accommodate the operation of the Applicant at the time of the application, nor is such contemplated within a reasonable time frame.

(E) The proposed operation, development, and/or construction does not comply with the Master Plan of

the Airport (and/or ALP) in effect at that time, or anticipated to be in effect within the time frame proposed by the Applicant.

(F) The development or use of the area requested by the Applicant will result in congestion of aircraft or buildings, or will unduly interfere with operations or activities of any present operator on the Airport and/or prevent adequate access to the assigned lease area of any present lessee and/or operator.

(G) The Applicant has either intentionally or unintentionally misrepresented or omitted material facts in the application or in supporting documents.

(H) The Applicant has failed to make full disclosure in the application or in supporting documents.

(I) The Applicant or a principal of the applicant, has a record of violating the rules, regulations, statutes, ordinances, laws, or orders of any Airport, civil air regulation, FAA regulations, or any other rules, regulations, statutes, ordinances, laws, or orders applicable to the Airport or Airports.

(J) The Applicant or a principal of the applicant has defaulted in the performance of any other agreement.

(K) On the basis of current financial information, the Applicant does not, in the sole discretion of ODA, exhibit adequate financial responsibility or capability to undertake the proposed operation and activities.

(L) The Applicant cannot or will not provide a performance bond or applicable insurance in the amounts and type required ODA for the proposed activity.(M) Applicant's activities or operations could be detrimental to the Airport.

SECTION VI - GENERAL LEASE PROVISIONS

Property Lease

Once the ODA has approved the lease application and the Applicant has read the Minimum Standards, Airport Rules and Regulations, Rates and Charges Policy, and Leasing Policy for Commercial Aeronautical Activities, the Applicant shall be provided a Draft Commercial Lease for review. This Draft Commercial Lease will include, but not be limited to the following details:

- 1 Description of leasehold (ODA retains the right to request a metes and bounds legal description)
- 2 Term of lease
- 3 All fees and charges associated with occupying and operating on the premises
- 4 Payment procedures relating to all fees and charges
- 5 Approved activities
- 6 Prohibited activities
- 7 Subleasing provisions
- 8 Fire Prevention
- 9 ODA entry onto premises
- 10 Compliance with laws
- 11 Termination for Airport development
- 12 Transfer of Airport ownership
- 13 Bankruptcy
- 14 Ingress and Egress to Property
- 15 Sale of Improvements
- 16 Lease Renewal Options

6.2 Lease Term

The Base Term for commercial leases will be no longer than twenty-five (25) years. If the lessee requests a renewal, ODA may agree to renew the lease, consistent with this section, for one five year period, or other period that, together with the period of the base term lease, does not exceed 30 years.

At the expiration of the Base Term and any renewals, Lessee may request a new lease. If ODA determines that the lease premises are not required for other airport uses, Lessee has met its obligations under the terms of the preceding lease, and ODA otherwise finds that a new lease is appropriate, ODA may negotiate a new lease. The duration of the new lease shall be at ODA's option.

Each renewal or new lease following the base term lease shall incorporate all current terms and conditions for leases and any special terms ODA deems necessary based on the particular circumstances of the lessee and leased property.

If ODA determines that a renewal or new lease will not be offered, ODA may require Lessee to remove any structures at Lessee's cost at the expiration of the Base Term, any renewal term or new lease term.

6.2.1 Lease Renewal Options

In accordance with Section 6.2 - Lease Term above, Lessee shall have the option to extend the lease beyond the Base Term,

subject to the satisfaction of all of the following conditions.

(A) The existing Lease must not be in default

(B) Any improvements to the premises are structurally sound and capable of safe and legal occupancy for the remaining term of the renewal or new lease period; and

C. Lessee files a written notice with ODA stating that Lessee has complied with A and B above and intends to exercise its renewal. The Form of written notice may be requested from ODA and must be filed not later than 120 days prior to the expiration of the preceding lease term.

D. ODA will inspect lessee's improvements for condition and appearance in accordance with ODA's standards for maintenance of clean, safe and attractive facilities at the Airport. Items considered will include, but not be limited to, siding and exterior finish, roofing, doors, and structural framing. If ODA determines from its inspection that the improvements may not be structurally sound, ODA may require Lessee to obtain an inspection by a certified inspector at Lessee's expense to verify the condition

of the structure. Any deficiencies noted by ODA's inspection or further structural inspection may be required to be corrected as a condition of Lessee's renewal.

If corrections cannot be completed prior to the expiration of the current lease term, Lessee may request in writing that ODA approve additional time to make such corrections, and ODA shall not unreasonably withhold approval of the request. ODA and Lessee may enter into the renewal or new lease, subject to the written commitment of Lessee to complete the repairs within a specified period. Failure to make such repairs within the period agreed upon may be cause for immediate termination of the renewal term or new lease.

6.2.2 Termination for Default or Airport Development

(A) In the event of termination for default by Lessee, Lessee has two options, either of which must be completed within 120 days of the date of lease termination. Lessee may sell the lease improvements to a buyer who is able to enter into a lease with ODA. As an alternative, within that same period Lessee may remove the improvements at Lessee's expense and restore the premises to their original condition. Lessee shall pay basic rent for any post-termination occupancy, until another buyer has entered into a lease agreement with ODA or until the premises are restored to their original condition.

(B) If ODA makes a determination, in accordance with the airport master plan and FAA-approved Airport Layout Plan, that the leased premises are required for airport development, it shall offer to Lessee an alternative site if such other suitable space is available on airport property. If no other site is available or Lessee chooses not to relocate, the lease may be terminated by either party. Upon termination, Lessee shall vacate the premises upon 120 days written notice by ODA to buy out the remaining base term of the lease. If Lessee's lease is not a base term (25 year) lease, then ODA will not pay compensation for lease termination.

The base term buy-out will be determined by amortizing the construction cost of the hangar (or other improvement) over the base term of the lease factoring in straight-line depreciation and adjusted for inflation based on ODA'S periodic rental increases. ODA will purchase each remaining year of the base term according to the amortization/depreciation schedule.

6.2.3 Sale of Improvements

ODA will not allow assignment of any commercial lease. However, if lessee desires to sell the improvements, ODA will consider entering into a new lease with the buyer of the improvements. The buyer must meet all requirements imposed on any lessee with a commercial lease. If the buyer qualifies to obtain a lease, ODA will offer a lease with the terms, conditions and rates then in effect. The term of the new lease will be determined by ODA, consistent with the policies in 6.2 (Lease Term) and

6.2.1 (B, C and D).

The original lessee's lease will remain in full force and effect until ODA and the buyer of the improvements have entered into a new lease. The original lessee must comply with all terms and conditions of the lease until the new lease is executed and in effect. At that point, the original lease is automatically terminated by mutual agreement of the parties.

Subleasing of a commercial lease is allowed with prior ODA approval.

6.3 Rates and Charges

It is the intent of the ODA Rates and Charges Policy to benefit the public by the establishment of a standardized system of rates and charges, which is based on the following ODA obligations:

(A) Ensure compliance with applicable legal requirements regarding Airport rates and charges through

local communications, negotiations, and resolution with the State-owned Airport users.

(B) Ensure the rates, charges, and fees imposed on the aeronautical users of the State-owned Airports are fair and reasonable.

(C) Make each State-owned Airport available for public use on fair and reasonable terms without unjust discrimination. Ensure that any airport tenant is subject to the same rates, fees and charges as are uniformly applicable to other tenants offering similar services or utilizing the similar facilities at an Airport.

(D) Maintain a rate and fee schedule that guides the Airport toward financial self-sustainability.

(E) Expend revenue generated from State-owned Airport activities and services only for aeronautical purposes (no revenue diversion).

6.4 Insurance Requirements

Each lessee shall meet all State of Oregon insurance requirements and shall therefore maintain the types and amounts of insurance as specified in the lease or agreement.

6.5 Minimum Standards and Exclusive Rights

The Oregon Department of Aviation (ODA) owns and operates a system of general aviation airports, which are divided into four classes as defined in the Oregon Administrative Rules, Chapter 738, Division 10, Section 738-10-015. ODA receives Federal airport development assistance and assumes contractual grant obligations including compliance with the Federal Aviation Administration (FAA) Advisory Circular 150/5190-5 Exclusive Rights and Minimum Standards For Commercial Aeronautical Activities effective April 7, 2000.

Minimum Standards are developed to provide the threshold entry requirements for those persons desiring to provide commercial aeronautical services to the public at the Airport. The Minimum Standards are established based upon the conditions at the individual airport or class of airport, the existing and planned facilities at the airport, and the current and future aviation role of the airport. The prospective commercial aeronautical operator shall agree to offer the described minimum level of services in order to obtain an agreement, permit, or lease to operate on the Airport. In summary, each Airport's Minimum Standards establish the minimum requirements to be met by individuals and companies for the privilege of providing commercial aeronautical services at the selected Airport. All operators are encouraged to exceed the "minimum" in terms of quality of facilities and/or services.

ODA has established separate Minimum Standards for each class of State-owned airport to assist them in providing nondiscriminatory and effective management of all State-owned airports.

The FAA policy on exclusive rights prohibits the creation or continuance of agreements at State-owned Airports granting exclusive rights to a single commercial operator or service provider. The FAA concludes that the existence of an "exclusive right" aeronautical activity or a local monopoly at an airport restricts the public use of the airport through the absence of competitive enterprise. ODA is prohibited from granting an exclusive right to a single operator at State-owned Airports, with a few exceptions. However, it should be noted that an Airport with a single

commercial operator does not represent the granting of an “exclusive right” or monopoly to that operator by the ODA.

SECTION VII - COMPETITIVE REQUEST FOR PROPOSAL PROCESS

In order for the State to determine the level of market demand, ODA maintains the right to seek competitive proposals at their discretion for commercial property leases at all State-owned Airports. The proposal process will include public notices and information and availability of proposal documents on the ODA web site. All Requests for Proposals will be consistent with any and all applicable Statewide policies, and a fair and objective evaluation process will be utilized to select the proposals that best meets the interests of the State’s criteria as defined within the proposal documents.

7.1 No Exclusions of Existing Qualified Operators

Current tenants will not be excluded from submitting competitive proposal at any State-owned Airport.

7.2 Proposal Evaluations

Each Request for Proposal will contain specific information regarding the Airport property currently being considered, and all proposals will include requirements for detailed information from the respondents regarding:

- Qualifications
- Capital investment proposed
- Experience in services being offered
- Experience of management personnel
- Proposed services and products
- Financial ability

SECTION VIII - INGRESS/EGRESS PERMITS

Effective as of the date of acceptance of this policy by the State, ODA will not issue any new Ingress/Egress Permits until all available Airport property has been developed.

SECTION IX - APPLICABLE STATE DOCUMENTS

All tenants and prospective tenants are encouraged to read all ODA policy documents that may have an impact on becoming a commercial tenant on a State-owned Airport. These documents can be obtained by contacting the Oregon Department of Aviation. The following lists of documents are recommended; however, please contact ODA for information on other pertinent policies regarding your proposed tenancy and operations.

- Leasing Policy for Commercial Aeronautical Activities
- Leasing Policy for Non-Commercial Property

Minimum Standards
Rules and Regulations
Rates and Charges Policy
Ingress/Egress Permits
State-owned Airport Insurance Requirements