

**Minutes of the Fairhope Airport Authority
Special Meeting**

September 30, 2014

The Fairhope Airport Authority met Tuesday, September 30, 2014 at 4:30PM in the Delchamps Suite, Room 1, in the Civic Center at 161 N Section St.

Present: Charles Zunk, Chairman; other members present: Pam Caudill, Charlie Bassett, Joe McEnerney, and Rod Platt. Absent was Jack Burrell. Also present was David Bagwell, Attorney. Cynthia A Boothe took the minutes.

Consideration of Resolution to approve a lease extension with Continental Motors Services, Inc for the FBO: Charles Zunk stated that a lease extension has been proposed to extend the lease for the FBO to Continental Motors Services, Inc from November 1, 2014 until October 31, 2039 (25 years). He also stated that if The Authority wishes to extend the lease that it will not be signed until it is reviewed by the FAA. The draft lease is attached. After the group reviewed and discussed the terms and extent of the proposed lease and with a motion on the table to approve the lease, and to permit the Chairman to approve changes in the draft lease to conform to FAA/ALDOT requirements, by Rod Platt and a second by Charlie Bassett it was unanimously carried.

Charles Zunk asked for a motion to adjourn the meeting which was made by Charlie Bassett and seconded by Pam Caudill and was unanimously carried at 5:05PM.

LEASE EXTENSION
FOR FAIRHOPE AIRPORT AUTHORITY/CMS LEASE
FOR 2014-2039

SECTION 1. THE PARTIES and THE LEASE

- A. THE AUTHORITY as LESSOR.** Fairhope Airport Authority [hereinafter called “THE AUTHORITY”], a public corporation organized under the laws of the State of Alabama, upon its having been created, succeeded to the rights under that lease dated June 28, 1995, on certain premises at the “Fairhope Municipal Airport”, the name of which was later changed to the “H. L. ‘Sonny’ Callahan Airport” [hereinafter called “THE AIRPORT”]. THE AUTHORITY executes this lease agreement in that capacity.
- B. CMS as LESSEE.** The original lessee under the lease was Teledyne Industries, Inc., a California corporation, which did business in this matter through its unincorporated division Teledyne Continental Motors, which on November 29, 1999, became an unincorporated division of Teledyne Technologies Incorporated, a Delaware corporation, whose rights and liabilities under the subject lease through a written instrument executed on or about April 15, 2002, went to Teledyne Continental Motors, Inc., a Delaware corporation [hereinafter called “TCM”] which is qualified to do business in Alabama. TCM has since December 31, 2001 been lessee under the below-described lease. On April 19, 2011 TCM was purchased by AVIC International, a Chinese corporation, which in the process of the purchase, set up Technify Motors USA, a Delaware corporation

headquartered in Mobile. The name of TCM was changed to Continental Motors, Inc. [hereinafter called "CMI"]. CMI is a wholly owned subsidiary of Technify Motors USA. On November 9, 1999 Teledyne Technologies Incorporated acquired the assets of Mattituck Aviation Corporation of Long Island, New York. The name was changed to Mattituck Services, Inc., a Delaware Corporation [hereinafter called "MSI"]. Upon the acquisition by Technify Motors USA of TCM and MSI, MSI became a subsidiary of Technify Motors USA, and its assets and operations were transferred to Fairhope, Alabama, where it is qualified to do business. Its corporate purpose is to focus on the Maintenance, Repair, and Overhaul segment of Technify Motors USA's business. MSI conducts all its current business at THE AIRPORT. In July of 2014, the name was changed to Continental Motors Services, Inc. [hereinafter called "CMS"]. CMS remained a Delaware corporation and is qualified to do business in Alabama. This lease agreement is executed by CMS.

C. THE LEASE. "THE LEASE" as used in this document is that lease dated June 28, 1995 by and between the City of Fairhope, by and through its Fairhope Airport Board (the City's rights to which have been succeeded to by THE AUTHORITY), and Teledyne Industries, Inc. (Teledyne Industries, Inc.'s rights to which have been succeeded to by CMS), together with those certain Amendments (First through Fifth) and that certain Letter Agreement (dated April 5, 2005) and that certain Final Lease Extension (dated December 1, 2010), for that certain premises at THE AIRPORT.

SECTION 2. THE EFFECTIVE DATE

The effective date of this agreement to modify THE LEASE is November 1, 2014 [hereinafter called “THE EFFECTIVE DATE”].

SECTION 3. THE LEASE MODIFICATIONS

In consideration of the rights and privileges herein granted and received, THE AUTHORITY and CMS, respectively, hereby covenant and agree to the modifications to THE LEASE described in this Section 3. These modifications to THE LEASE begin on THE EFFECTIVE DATE.

- A. THE LEASE is extended for one final term, for twenty-five (25) years, beginning November 1, 2014 and ending on October 31, 2039.
- B. CMS shall operate the Leased Premises at THE AIRPORT as a “fixed-base operator” [hereinafter “FBO”] as the term is described “Exhibit B – Sonny Callahan Airport – Minimum Standards For Commercial Aeronautical Activities 5/20/2014” [hereinafter called “THE MINIMUM STANDARDS”] at the end of this document and incorporated herein by reference. CMS agrees to be bound by all the terms and requirements contained in THE MINIMUM STANDARDS.
- C. CMS agrees to pay monthly rental of twelve thousand seven hundred fifty dollars (\$12,750.00).
- D. CMS agrees to pay rent due to Authority, in advance on or before the tenth (10th) day of the month for which rent is due. **No invoice will be sent.** Rent for periods less than one month shall be prorated on a daily basis (365-day year). CMS shall be responsible for adding the applicable state and local sales tax (if any) to all

rental payments. Said payments shall clearly indicate what amount of the total payment is for rent and what amount is for state and local sales tax.

- E. Any rental payments and fees required under THE LEASE which are not received when due shall accrue interest at the rate of one and one-half percent (1.5%) per month from the due date until receipt of payment.
- F. Adjustments to the rental rate will be made on January 1, 2017, and each two years thereafter, using the National Consumer Price Index for Urban Consumers [hereinafter "CPI-U"]. The rental rate shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the CPI-U for the previous two years using October 1 and September 30 as the beginning and ending dates. The adjusted rental rate will therefore go into effect in accordance with the following schedule:

January 1, 2017 based on CPI-U change from 10/1/2014 to 9/30/2016

January 1, 2019 based on CPI-U change from 10/1/2016 to 9/30/2018

January 1, 2021 based on CPI-U change from 10/1/2018 to 9/30/2020

January 1, 2023 based on CPI-U change from 10/1/2020 to 9/30/2022

January 1, 2025 based on CPI-U change from 10/1/2022 to 9/30/2024

January 1, 2027 based on CPI-U change from 10/1/2024 to 9/30/2026

January 1, 2029 based on CPI-U change from 10/1/2026 to 9/30/2028

January 1, 2031 based on CPI-U change from 10/1/2028 to 9/30/2030

January 1, 2033 based on CPI-U change from 10/1/2030 to 9/30/2032

January 1, 2035 based on CPI-U change from 10/1/2032 to 9/30/2034

January 1, 2037 based on CPI-U change from 10/1/2034 to 9/30/2036

January 1, 2039 based on CPI-U change from 10/1/2036 to 9/30/2038

- G. THE AUTHORITY imposes a fuel flowage fee on all tenants at THE AIRPORT to which THE AUTHORITY has granted the privilege of operating a fuel farm. The fuel flowage fee is payable monthly to THE AUTHORITY, based upon the amount of fuel purchased by each fuel farm operator in the preceding month. As of November 1, 2014 THE AUTHORITY is fixing the fuel flowage fee at \$0.07 per gallon, and THE AUTHORITY reserves the right to change this fuel flowage fee from time to time.
- H. CMS shall be responsible for and shall promptly pay all property taxes; personal property taxes; all sales and other taxes measured by or related to the payments hereunder required under law; all license fees; and any and all other taxes, charges, imposts or levies of any nature, whether general or special, which, at any time, may be in any way imposed by local, state, or federal authorities, or that become a lien upon CMS, THE AUTHORITY, the Leased Premises, or any improvements thereon, by reason of this Agreement or CMS's activities in, or improvements upon, the Leased Premises pursuant to this Agreement. THE AUTHORITY warrants and represents that it shall not impose any taxes, assessments, or charges, except those imposed on all other businesses operating on THE AIRPORT, upon CMS during the term of this Agreement.
- I. THE AUTHORITY owns and operates two 8-unit T-hangar buildings adjacent to the Leased Premises. These two buildings are marked on "Exhibit A – Modifications To The Leased Premises" at the end of this document and incorporated herein by reference. As of THE EFFECTIVE DATE CMS and THE

AUTHORITY agree that these two t-hangar buildings become part of the Leased Premises, to be operated by CMS. THE AUTHORITY makes assignment to CMS of the rights and obligations of all the current T-hangar leases between THE AUTHORITY and the individual tenants of the T-hangars in the two 8-unit T-hangar buildings. THE AUTHORITY will pay to CMS the security deposits of those leases. Thereafter, THE AUTHORITY will have no responsibility for the management of those t-hangars, which will be assumed by CMS, including the right to set the rental rates for the individual t-hangars.

- J. Within one year from THE EFFECTIVE DATE, CMS will add these aeronautical services to its FBO operation: avionics sales and repair, propeller shop, aircraft upholstery, aircraft management, nationwide aircraft parts and distribution, and flight training including Part 141 certification; and, CMS will make best good faith efforts to obtain a military fuel sales contract. THE AUTHORITY hereby grants CMS the exclusive right to the Leased Premises, and all of the improvements located thereon, to conduct on a NON-EXCLUSIVE basis, those new aeronautical services and activities, in addition to its current aeronautical services. THE AUTHORITY further grants to CMS the rights of ingress and egress to and from the Leased Premises over THE AIRPORT common use roadways, subject to any rules and regulations which may have been established or shall be established in the future by THE AUTHORITY. CMS shall not use, nor permit others to use, the Leased Premises, and any improvements thereon, for any commercial or non-commercial purpose, other than the authorized purposes set forth above. CMS shall not use the Leased Premises to store any material not

required for the prosecution of the authorized purposes set forth above. Should CMS wish to perform any additional commercial aeronautical services on or from its Leased Premises, CMS shall make a written application to THE AUTHORITY requesting permission to provide such additional services. THE AUTHORITY shall apply the criteria and standards embodied in its Minimum Standards, included herein as Exhibit B, as it exists at the time of application in determining whether to authorize CMS to perform such services. If THE AUTHORITY determines that CMS is qualified to perform the requested aeronautical services under the Minimum Standards as it exists at the time of application, and if CMS and THE AUTHORITY execute an addendum to this Agreement setting forth the terms and conditions by which CMS shall perform the additional aeronautical services or activities, including any additional fees, CMS shall be deemed authorized to perform said additional services or activities. Notwithstanding anything herein contained that may be, or appear to be, to the contrary, it is expressly understood and agreed that the rights granted under this Agreement are NON-EXCLUSIVE and THE AUTHORITY herein reserves the right to grant similar privileges to another operator or operators on other parts of THE AIRPORT.

- K. It is expressly understood that for all of its aeronautical services provided on the Leased Premises, CMS agrees to conform to all Federal, State, and local laws and regulations, all of which may apply to the services to be performed by CMS, and that THE AUTHORITY is to be held by CMS free and harmless from any act or failures by CMS to do so. Such laws and regulations may include but are not

limited to environment, health, safety, fire, security, storm water drainage, and business licensing. If THE AUTHORITY incurs any fines and/or penalties imposed by Federal, State, County, or Municipal authorities as a result of the acts or omissions of CMS, its partners, officers, agents, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, then CMS shall be responsible to pay or reimburse THE AUTHORITY for all such costs and expenses.

- L. CMS will provide, operate and maintain any and all safety equipment required by fire and safety codes or insurance carriers. Compliance with all fire and safety codes thereof is the sole and absolute responsibility of CMS.
- M. CMS shall indemnify and hold harmless the Fairhope Airport Authority itself, any subsidiaries or affiliates, elected and appointed directors, officers, employees, volunteers, representatives and agents from any and all claims, suits, actions, damages, liability and expenses in connection with loss of life, bodily or personal injury, or property damage, including loss or use thereof, directly or indirectly caused by, resulting from, arising out of or occurring in connection with the performance of this Agreement or on or about the Airport premises, provided any such claim, suit, action, damage, liability or expense is caused in whole or in part by an act or omission of CMS, or CMS's subtenants, contractors, subcontractors, representatives, licensees, invitees, agents or employees of CMS or employees of any of the aforementioned individuals or entities. CMS's obligation shall not be limited by, or in any way to, any insurance coverage or by any provision in or exclusion or omission from any policy of insurance. Nothing

contained herein shall obligate CMS to hold harmless the Fairhope Airport Authority for the Fairhope Airport Authority's negligence. CMS agrees to pay on behalf of THE AUTHORITY, as well as provide a legal defense for THE AUTHORITY, both of which will be done only if and when requested by THE AUTHORITY, for all claims as described in this Hold Harmless paragraph. Such payment on the behalf of THE AUTHORITY shall be in addition to any and all other legal remedies available to THE AUTHORITY and shall not be considered to be THE AUTHORITY's exclusive remedy

- N. CMS represents that it is the owner of, or fully authorized to use, any and all services, processes, machines, articles, marks, names, or slogans used by it in its operations under, or in connection with, this Agreement. CMS shall save and hold harmless THE AUTHORITY, its elected officials, employees, volunteers, representatives and agents free and harmless of any loss, liability, expense, suit, or claim for damages in connection with any actual or alleged infringement of any patent, trademark, or copyright, or from any claim of unfair competition or other similar claim, arising out of CMS's operations under, or in connection with this Agreement.
- O. CMS, for itself, its personal representatives, successors in interest, assigns and subtenants, as part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, religion, sex, national origin, disability, or any other ground prohibited by applicable federal or state law shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Premises and any

improvements thereon; (2) no person on the grounds of race, color, religion, sex, national origin, disability, or any other ground prohibited by applicable federal or state law shall be subjected to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services therein; and (3) CMS shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended. CMS shall furnish its accommodations and/or services on a fair, equal, and non-discriminatory basis to all users thereof and it shall charge fair, reasonable, and non-discriminatory prices for each unit or service, PROVIDED THAT CMS may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar type of price reductions to volume purchasers if in accordance with applicable law. In the event of breach of any of the above non-discrimination covenants, THE AUTHORITY shall have the right, subject to rights of cure otherwise set forth herein, to terminate this agreement and to re-enter and repossess said Leased Premises and hold the same as if said Agreement had never been made or issued.

- P. By signing this Agreement, the contracting parties affirm, for the duration of the Agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of

this provision shall be deemed in breach of the Agreement and shall be responsible for all damages resulting therefrom. CMS shall at the outset of its performance under this Agreement, provide to THE AUTHORITY appropriate documentation establishing that CMS is enrolled in the E-Verify program. During the performance of the Agreement, CMS shall participate in the E-Verify program and shall from time-to-time at reasonable times verify that every employee that is *required* to be verified according to the applicable federal rules and regulations, *has been* verified. Furthermore, if CMS engages contractors and/or subcontractors to work on the Leased Premises, CMS shall require all such contractors and/or subcontractors at the outset of performance under their respective contracts, to provide to THE AUTHORITY appropriate documentation establishing that each contractor and/or subcontractor is enrolled in the E-Verify program. During the performance of their respective contracts, each contractor and/or subcontractor shall participate in the E-Verify program and shall from time-to-time at reasonable times verify that every employee that is *required* to be verified according to the applicable federal rules and regulations, *has been* verified.

- Q. Within one year from THE EFFECTIVE DATE, CMS will improve its signage on the Leased Premises. CMS shall have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place in or on the Leased Premises a sign or signs identifying CMS. Sign(s) and location(s) may be changed and altered from time to time with the written approval of THE AUTHORITY, said approval not to be

- unreasonably denied or delayed. CMS, upon written request from THE AUTHORITY, shall remove, at the CMS's expense, all lettering and signs so erected on the Leased Premises at the expiration or sooner termination of this Agreement.
- R. Within one year from THE EFFECTIVE DATE, CMS will invest a minimum of \$850,000.00 of capital improvements (including design, engineering, building fees and permits, construction, and equipment expenses) into the north hangar building and the main hangar building. CMS acknowledges that **any** capital improvements must be constructed in full compliance with all City of Fairhope building, zoning, and permitting rules and regulations.
- S. CMS agrees to observe all security requirements of Transportation Security Administration 49 C.F.R. 1542 and the Airport Security Plan, as may be applicable, and as either may, from time to time, be amended, and to take such steps as may be necessary or directed by THE AUTHORITY to ensure that employees, invitees, agents and guests observe these requirements.
- T. Within nine months from THE EFFECTIVE DATE, THE AUTHORITY at its own expense will repair or replace sections of metal skirting on the north hangar and the main hangar buildings to mitigate safety, health and water problems.
- U. CMS and THE AUTHORITY agree that certain areas of aircraft ramp and taxiway area originally included in the Leased Premises will be removed from the Leased Premises as of THE EFFECTIVE DATE. These exclusions are marked on "Exhibit A – Modifications To The Leased Premises" at the end of this document and incorporated herein by reference. THE AUTHORITY agrees to

negotiate with CMS to reduce this excluded area in exchange for a specific commitment by CMS to build a hangar/aviation office building of at least 10,000 square feet; but this agreement to negotiate with CMS is NON-EXCLUSIVE in conformance with requirements of the Federal Aviation Administration.

- V. CMS and THE AUTHORITY agree that certain areas of vehicle parking originally included in the Leased Premises will be added or deleted from the Leased Premises as of THE EFFECTIVE DATE. These additions or deletions are marked on “Exhibit A – Modifications To The Leased Premises” at the end of this document and incorporated herein by reference.

Section 4: Additional Mutual Projects

CMS and THE AUTHORITY mutually agree they will make best good faith efforts to successfully complete these additional projects.

- A. Improve secured access, fencing, gates, lights, and other security features at THE AIRPORT.
- B. Promote THE AIRPORT, the City of Fairhope, and the Eastern Shore as a “destination point” for both tourism and corporate relocation.
- C. Widen and otherwise improve the access road south of the fuel farm.

Section 5: Openness

It is not required that anything about THIS LEASE be kept confidential. Disclosure of its terms and conditions may be made to anyone. CMS and THE AUTHORITY recognize

that disclosure must be made to a wide variety of entities, including without limitation potential lenders, the Federal Aviation Administration, the Alabama Department of Transportation, and various civil authorities. THE AUTHORITY may be covered by the Alabama Open Meetings Act, ALA.CODE §36-25A-1 et seq., which in general requires openness except and unless, as CMS or THE AUTHORITY might individually decide upon advice of counsel or otherwise, for later discrete instances in strict complete compliance with the terms of the Alabama Open Meetings Act or other pertinent laws.

Section 6. Brokers or Finders Fees

If either CMS or THE AUTHORITY has engaged a broker or finder regarding this Agreement, then any liability for or involving a broker or finder regarding this Agreement rests exclusively on the party which engaged any such brokers or finders.

Section 7. Subordination

This Agreement shall be subordinate to future Fairhope Airport Authority Bond Resolutions. This Agreement shall also be subject to and subordinate to agreements between the City of Fairhope (as previous owner of THE AIRPORT and as current sponsor of THE AIRPORT), and State and Federal agencies for grants-in-aid and to the provisions of any agreements heretofore made between the City of Fairhope and the United States, relative to the operation or maintenance of THE AIRPORT, the execution of which has been required as a condition precedent to the transfer of federal rights of property to the City of Fairhope for Airport purposes, or to the expenditure of federal funds for the extension, expansion, or development of THE AIRPORT,

including the expenditure of federal funds for the development of THE AIRPORT in accordance with the provisions of the Federal Airport Act of 1958, as it has been amended from time to time.

Section 8. Surrender of Leasehold Improvements

Upon the expiration or sooner termination of this Agreement, for any reason whatsoever, CMS shall peaceably surrender to THE AUTHORITY possession of the Leased Premises and any improvements, alterations, and additions; and, without any compensation whatsoever, and free and clear of any claims or interests of CMS or of any mortgages or any other third party whose position was derived from or through CMS. If any of said Leased Premises and improvements, alterations, and additions is encumbered by a mortgage or lien at the time of expiration or sooner termination of this Agreement, CMS shall be responsible for eliminating said mortgage or lien and shall hold THE AUTHORITY harmless therefrom.

Section 9. Protection of THE AIRPORT From Leasehold Improvements

THE AUTHORITY reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on THE AIRPORT.

CMS shall not erect or permit the erection or growth of, or permit to remain in or on the Leased Premises, any structure, natural growth or other object extending into the airspace above the Leased Premises higher than as permitted in Federal Aviation Regulation Part 77 as such regulation may be amended from time to time.

CMS shall not use or permit the use in or on the Leased Premises in such a manner as to create electrical or electronic interference with communications between THE AIRPORT and aircraft, or between aircraft and any navigational controls, whether or not located on THE AIRPORT.

CMS shall not erect, install or permit the erection or installation in or on the Leased Premises of any lights that will or might make it difficult for aircraft pilots to distinguish between THE AIRPORT lights and other lights, or that will or might impair visibility or otherwise endanger the landing, taking off, or maneuvering of aircraft.

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Section 10. Notices

Any notices required by THE LEASE must be served by hand delivery or certified mail or overnight courier service upon CMS and THE AUTHORITY at the addresses:

FAIRHOPE AIRPORT AUTHORITY

ATTENTION: CHAIRMAN

P. O. Box 429

161 N. Section St.

Fairhope, AL 36533

Fairhope, AL 36532

[If by U. S. mail]

[If by hand delivery or Fedex/UPS]

CONTINENTAL MOTORS SERVICES INC.

ATTENTION: PRESIDENT

2039 Broad St.

Mobile, AL 36615

Section 11. Recordation of THE LEASE

So that this Agreement may be recorded, CMS and THE AUTHORITY agree to make any changes in language, notations, and signatures as may reasonably be required for such purpose.

Section 12. Entire Agreement

Except for that lease dated June 28, 1995 by and between the City of Fairhope, by and through its Fairhope Airport Board (the City's rights to which have been succeeded to by

THE AUTHORITY), and Teledyne Industries, Inc. (Teledyne Industries, Inc.'s rights to which have been succeeded to by CMS), together with those certain Amendments (First through Fifth) and that certain Letter Agreement (dated April 5, 2005) and that certain Final Lease Extension (dated December 1, 2010), for that certain premises at THE AIRPORT, this Agreement, together with all exhibits hereto, constitutes the entire Agreement and understanding between CMS and THE AUTHORITY with respect to the Leased Premises, and supersedes all negotiations, prior discussions, letters of intent, memorandums of understanding, and preliminary agreements. This Agreement may not be amended except by a writing executed by both CMS and THE AUTHORITY.

Section 13. Partial Invalidity

If any term or condition of this Agreement or application thereof to any person or event shall to any extent be invalid and unenforceable, the remainder of this Agreement and the application of such term, covenant, or condition to persons or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant and condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

Section 14. Relationship of the Parties

It is understood and agreed that THE AUTHORITY is not in any way or for any purpose a partner or joint venturer with, or agent of, CMS in the use of the Leased Premises or any improvements thereon, for any purpose.

Section 15. Headings

The headings contained in this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

Section 16. Governing Law

In the event of any litigation between or involving THE AUTHORITY and CMS, of any kind concerning or involving this lease, which of course no one expects or wants, the parties agree that it will take place only in the Circuit Court for Baldwin County, Alabama and not in any other location or Court..

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IN WITNESS WHEREOF, the parties hereto have signed this instrument.

FAIRHOPE AIRPORT AUTHORITY

CONTINENTAL MOTORS
SERVICES, INC.

By: _____
Charles R. Zunk

By: _____
Rhett Ross

Its: Chairman

Its: President

Date: _____

Date: _____

ATTEST:

ATTEST:

I hereby certify that Charles R. Zunk, who is known to me, who signs as Chairman of Fairhope Airport Authority, is Chairman of Fairhope Airport Authority and, in that capacity, is authorized to sign this agreement.

I hereby certify that Rhett Ross, who is known to me, who signs as President of Continental Motor Services, Inc., is President of Continental Motor Services, Inc.

David A. Bagwell
P.O. Box 2126
Fairhope, AL 36533

Stephen Ginger
Senior Vice President and General Counsel
Continental Motors Group

Its: Lawyer

This Instrument was Prepared by:

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EXHIBIT A
MODIFICATIONS TO THE LEASED PREMISES

EXHIBIT A -- MODIFICATIONS TO THE LEASED PREMISES
NOTE: THE LEASED PREMISES ARE NOW THOSE SEVEN AREAS EDGED WITH RED INK.

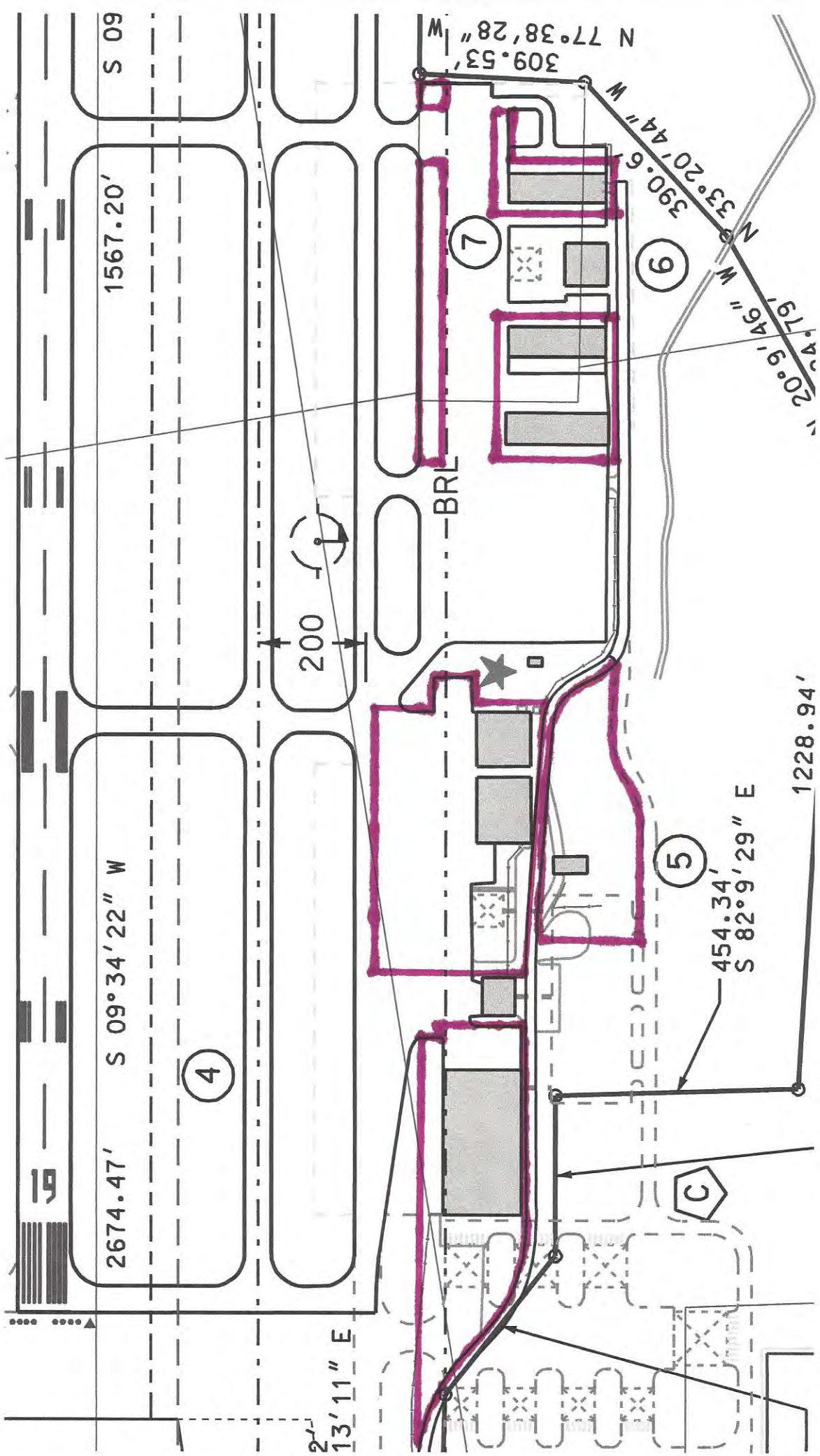


EXHIBIT B
MIMIMUM STANDARDS

Sonny Callahan Airport - Minimum Standards

For Commercial Aeronautical Activities

5/20/2014

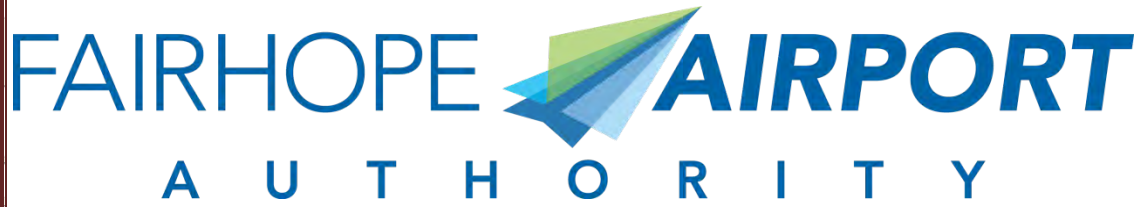


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INTRODUCTION

Fairhope Airport Authority, hereinafter referred to as "Authority", being a public corporation created under Title 4, Chapter 3, Article 2 of the Code of Alabama (1975), and pursuant to the Laws of the State of Alabama, owns and operates a public airport known as H. L. "Sonny" Callahan Airport, hereinafter referred to as "Airport", in Fairhope, Alabama. Anyone wishing to comment on these Minimum Standards may contact the Authority at P.O. Box 429, Fairhope, AL, 36533.

The requirements of standards imposed on those proposing to conduct an aeronautical activity on any public airport should relate to safety, security and the public interest. As building codes and sanitary codes are enacted for the protection of the local community, airport standards should be designed to protect airport patrons from irresponsible, unsafe, and inadequate services. Because the cost of meeting reasonable standards must be accepted as a normal business expense, no prudent operator will undertake the investment involved unless he foresees a volume of business that has not been fully developed. Thus, the use of reasonable standards, while safeguarding the public interest, has the effect of preserving the stability of an established business. Proper standards discourage the unqualified, for both the protection of the public and the established operator. The fairness and reasonableness of the standards normally is judged against the background of general practices, which have found acceptance at public airports of comparable size and situation.

These Minimum Standards are intended to provide the **minimum threshold** entry requirements for those wishing to provide commercial aeronautical services to the public at the Airport. Any prospective aeronautical service provider must agree to offer the minimum level of services in order to obtain an agreement, license, permit and/or lease to operate on the Airport.

The owner or sponsor of a federally-obligated airport agrees to make the opportunity to engage in commercial aeronautical activities available to any person, firm, or corporation (hereinafter, "Operator") that meets reasonable minimum standards; in exchange for this opportunity, the Operator agrees to comply with those minimum standards, which then become a mandatory component of the agreement between airport owner/sponsor and Operator.

To that end, the Authority has established these particular Minimum Standards for the Airport, and will apply them objectively and uniformly to all similarly situated on-airport commercial aeronautical activities and standards. The Authority intends that these Minimum Standards for the Airport comply with Federal Aviation Administration (hereinafter, "FAA") guidelines.

SECTION 1 PURPOSE OF MINIMUM STANDARDS

1.a Compliance with FAA Advisory Circular 150/5190-7

The Authority owns and operates Airport, a commercial service public airport. The Authority and the Airport's previous owner and current sponsor, the City of Fairhope, Alabama, have received in the past, and reasonably expect to receive in the future, Federal and State airport development assistance funding which includes contractual grant obligations including but not limited to compliance with FAA Advisory Circular 150/5190-7 *Minimum Standards for Commercial Aeronautical Activities* effective August 28, 2006.

The purpose of these Minimum Standards is to:

- Promote safety;
- Promote the economic health of Airport businesses;
- Promote the orderly development of Airport property;
- Encourage high quality products, services, and facilities for Airport users;
- Promote economic nondiscrimination.

Minimum Standards are developed to provide the **minimum threshold** entry requirements for those Operators desiring to provide commercial aeronautical services to the public at the Airport and to provide reasonable opportunities without discrimination, economic or otherwise. These Minimum Standards are established based upon the conditions at the Airport, the existing and planned facilities at the Airport, and the current and future aviation role of the Airport. Each prospective commercial aeronautical Operator shall agree to offer the described minimum levels of services in order to obtain an agreement, permit, license, and/or lease to operate at the Airport. In summary, the Airport's Minimum Standards establish the minimum requirements to be met by Operators for the privilege of providing commercial aeronautical services at the Airport. All Operators are encouraged to exceed the "minimum" in terms of quality of facilities and/or services.

The Authority shall make any required determinations, interpretations, or judgments regarding what constitute an acceptable minimum standard, and what constitutes compliance with such standard. Aeronautical activities that do not fall within the categories herein may be proposed, and in such cases the appropriate minimum standards shall be developed by the Authority on a case-by-case basis and incorporated into the Operator's agreement.

These Minimum Standards shall apply to all new agreements and any extension of the term of existing agreements. These Minimum Standards are not retroactive and do not affect agreements properly executed prior to the adoption of these Minimum Standards. Additionally, if an Airport Operator desires to modify the terms of service within an existing agreement, the Authority shall as a condition of its approval, require compliance with the then-current Minimum Standards. These Minimum Standards shall not modify

an existing agreement, which is required to exceed these Minimum Standards, nor shall they prohibit Authority from entering into an agreement that requires an Operator to exceed these Minimum Standards.

1.b Assurance Against Exclusive Rights

1.b.i Federal Aviation Administration Policy

The FAA policy on Exclusive Rights prohibits the creation or continuance of agreements granting exclusive rights to a single commercial operator or service provider. The FAA concludes that the existence of an "exclusive right" aeronautical activity or local monopoly at an airport restricts the public use of the airport through the absence of competitive enterprise.

The Authority is prohibited from granting an exclusive right to a single Operator at the Airport, with few exceptions. The Airport Master Plan development and improvement funding assistance could be jeopardized by either an intentional or unintentional exclusive rights violation.

1.b.ii Some Exceptions to the Exclusive Rights Rule

The FAA acknowledges several business situations and circumstances that meet the definition of an exclusive rights violation but are necessary to support the operation and public use function of the Airport. Some, but not necessarily all, of these exceptions are:

- *Aeronautical Activities Conducted by Airport Owner/Sponsor:* The Authority has the option to provide some of the aeronautical activities that private enterprise cannot or will not provide to the public in order to sustain Airport services. This exception is referred to as proprietary exclusive.
- *Single Activity:* The absence of competition alone is not an exclusive rights violation. Due to airport activity, market demand, or other economic factors some commercial aeronautical services might only be provided by a single Operator even though reasonable Minimum Standards and competitive opportunities exist.
- *Space Limitation:* The Authority may prohibit a single FBO from expanding its facility to preserve land needed for a competitive FBO to operate from the same Airport. The Authority has the option of not providing an incumbent FBO any future development options or site preferences. Also, the Authority has the option to allow an incumbent FBO to compete with all other qualified bidders for Authority-owned premises that become available for aeronautical activity.
- *Restrictions Based on Safety:* The Authority may restrict or deny an Operator from conducting any type of aeronautical activity on the Airport that threatens the safety/security of the public, tenants, users, or the

Operator itself conducting such activity. The Authority will review the proposed activity and provide facts and reasoning for any proposed restriction or denial of aeronautical activity to the FAA, whose judgment and opinion will be relied upon by the Authority for its final decision in the matter.

- *Restrictions on Self-Service:* The Authority allows aircraft owners who are based at the Airport to refuel, maintain, repair, store, secure, clean, and service their own aircraft provided the owner or its employees perform the service and provide the resources in accordance with FAA Advisory Circulars and regulations. All self-service activities must comply with Federal, State, and local regulations, especially environmental and fire safety laws. The Authority is not obligated to lease facilities to aircraft owners in order to conduct self-service activities; however, the Authority may designate specific locations for fueling, maintenance, washing, and storing of aircraft to promote the safe and efficient operation of the Airport. Moreover, the service must be conducted in accordance with reasonable rules or standards established by the Authority.
- *Monopolies Beyond Airport Owner/Sponsor's Control:* Since the Federal Communication Commission (hereinafter, "FCC") will issue only one UNICOM station license per airport, the FAA acknowledges that UNICOM is an exclusive franchise that exists to provide air-to-ground communications for the public benefit. The exclusive UNICOM franchise does not violate the FAA exclusive rights agreement.

1.c Promotion of Safe and High Quality Aviation Services

The Airport is an important component of the area's overall transportation network, economic growth, and quality of life. So, in addition to the Federal Grant Assistance obligations, the Authority has established these Minimum Standards to foster safe, efficient, and high quality commercial aeronautical services for the Airport users, tenants, and Operators.

1.d Special Events

Special events (such as air shows, competitive flying meets, static displays, exhibitions, etc.) shall not be held on the Airport without prior written permission from the Authority.

SECTION 2 DEFINITIONS AND APPLICABILITY

2.a Definitions from FAA Advisory Circular 150/5190-7

a. Aeronautical Activity. Any activity that involves, makes possible, or is required for the operation of aircraft or that contributes to or is required for the safety of such operations. Activities within this definition, commonly conducted on airports, include, but are not limited to, the following: general and corporate aviation, air taxi and charter operations, scheduled and nonscheduled air carrier operations, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, aircraft sales and services, aircraft storage, sale of aviation petroleum products, repair and maintenance of aircraft, sale of aircraft parts, parachute or ultralight activities, and any other activities that, because of their direct relationship to the operation of aircraft, can appropriately be regarded as aeronautical activities. Activities, such as model aircraft and model rocket operations, are not aeronautical activities.

b. Airport. An area of land or water that is used, or intended to be used, for aircraft takeoff and landing. It includes any appurtenant areas used, or intended to be used, for airport buildings or other airport facilities or rights-of-way, together with all airport buildings and facilities located thereon. It also includes any heliport.

c. Airport District Office (ADO). These FAA offices are outlying units or extensions of regional airport divisions. They advise and assist airport sponsors with funding requests to improve and develop public airports. They also provide advisory services to the owners and operators of both public and private airports in the operation and maintenance of airports. See the FAA Web site for a complete listing of all ADO offices at http://www.faa.gov/airports_airtraffic/airports/regional_guidance/.

d. Airport Sponsor. The airport sponsor is either a public agency or a private owner of a public-use airport that submits to the FAA an application for financial assistance (such as AIP grants) for the airport. In accepting an application for financial assistance, the FAA will ensure that the airport sponsor is legally, financially, and otherwise able to assume and carry out the certifications, representations, warranties, assurances, covenants and other obligations required of sponsors, which are contained in the AIP grant agreement and property conveyances.

e. Commercial Self-Service Fueling. A fueling concept that enables a pilot to fuel an aircraft from a commercial fuel pump installed for that purpose by an FBO or the airport sponsor. The fueling facility may or may not be attended.

f. 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 (i.e. lease agreement), by the imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more parties, but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right.

g. Federal Airport Obligations. All references to a Federal grant program, Federal airport development assistance, or Federal aid contained in this AC are intended to address obligations arising from the conveyance of land or from grant agreements entered under one of the following acts:

- (1) Surplus Property Act of 1944 (SPA), as amended, 49 U.S.C. §§ 47151-47153.** Surplus property instruments of transfer were issued by the War Assets Administration (WAA) and are now issued by its successor, the General Services Administration (GSA). However, the law imposes upon the FAA (delegated to FAA from The Department of Transportation) the sole responsibility for determining and enforcing compliance with the terms and conditions of all instruments of transfer by which surplus airport property is or has been conveyed to non-Federal public agencies pursuant to the SPA. 49 U.S.C. § 47151(b).
- (2) Federal Aid to Airports Program (FAAP).** This grant-in-aid program administered by the agency under the authority of the Federal Airport Act of 1946, as amended, assisted public agencies in the development of a nationwide system of public airports. The Federal Airport Act of 1946 was repealed and superseded by the Airport Development Aid Program (ADAP) of 1970.
- (3) Airport Development Aid Program (ADAP).** This grant-in-aid program administered by the FAA under the authority of the Airport and Airway Development Act of 1970, as amended, assisted public agencies in the expansion and substantial improvement of the Nation's airport system. The 1970 act was repealed and superseded by the Airport and Airway Improvement Act of 1982 (AAIA).
- (4) Airport Improvement Program (AIP).** This grant-in-aid program administered by the FAA under the authority of the Airport and Airway Improvement Act of 1982, 49 U.S.C. § 47101, *et seq.*, assists in maintaining a safe and efficient nationwide system of public-use airports that meet the present and future needs of civil aeronautics.

h. Federal Grant Assurance. A Federal grant assurance is a provision within a Federal grant agreement to which the recipient of Federal airport development assistance has agreed to comply in consideration of the assistance provided. Grant assurances are required by statute, 49 U.S.C. §47101.

i. Fixed-Base Operator (FBO). A commercial business granted the right by the airport sponsor to operate on an airport and provide aeronautical services such as fueling, hangaring, tie-down and parking, aircraft rental, aircraft maintenance, flight instruction, etc.

j. Fractional Ownership. Fractional ownership operations are aircraft operations that take place under the auspices of 14 CFR Part 91 Subpart K. This type of operation offers aircraft owners increased flexibility in the ownership and operation of aircraft including shared or joint aircraft ownership. It provides for the management of the aircraft by an aircraft management company. The aircraft owners participating in the program agree not only to share their own aircraft with others having a shared interest in that aircraft, but also to lease their aircraft to other owners in the program

(dry lease exchange program). [A dry lease aircraft exchange means an arrangement, documented by the written program agreements, under which program aircraft are available, on an as needed basis without crew, to each fractional owner.] A fractional owner or owner means an individual or entity that possesses a minimum fractional ownership interest in a program aircraft and that has entered into the applicable program agreements. For additional information, please see 14 CFR 91.1001 *Applicability* at http://www.access.gpo.gov/nara/cfr/waisidx_04/14cfr91_04.html and contact your local Flight Standards District Office.

k. Grant Agreement. A Federal grant agreement represents an agreement made between the FAA (on behalf of the United States) and an airport sponsor for the grant of Federal funding.

l. Public Airport. Means an airport open for public use that is publicly owned and controlled by a public agency.

m. Public-Use Airport. Means either a public airport or a privately owned airport open for public use.

n. Specialized Aviation Service Operations (SASO). SASOs are sometimes known as single- service providers or special FBOs performing less than full services. These types of companies differ from a full service FBO in that they typically offer only a specialized aeronautical service such as aircraft sales, flight training, aircraft maintenance, or avionics services for example.

o. Self-Fueling and Self-Service. Self-fueling means the fueling or servicing of an aircraft (i.e. changing the oil, washing) by the owner of the aircraft with his or her own employees and using his or her own equipment. Self-fueling and other self-services cannot be contracted out to another party. Self-fueling implies using fuel obtained by the aircraft owner from the source of his/her preference. As one of many self-service activities that can be conducted by the aircraft owner or operator by his or her own employees using his or her own equipment, self-fueling, differs from using a self-service fueling pump made available by the airport, an FBO, or an aeronautical service provider. The use of a self-service fueling pump is a commercial activity and is not considered self-fueling as defined herein. In addition to self-fueling, other self-service activities that can be performed by the aircraft owner with his or her own employees includes activities such as maintaining, repairing, cleaning, and otherwise providing service to an aircraft, provided the service is performed by the aircraft owner or his/her employees with resources supplied by the aircraft owner.

p. Through-the-Fence Operations. Through-the-fence operations are those activities permitted by an airport sponsor through an agreement that permits access to the public landing area by independent entities or operators offering an aeronautical activity or to owners of aircraft based on land adjacent to, but not a part of, the airport property. The obligation to make an airport available for the use and benefit of the public does not impose any requirement for the airport sponsor to permit ground access by aircraft from adjacent property.

2.b Application of Minimum Standards

a. General Operating Requirements. Any Operator conducting commercial aeronautical activities at the Airport shall, as a condition of conducting such activities, comply with all requirements set forth in these Minimum Standards and any amendments thereto. The Minimum Standards are the "minimum" requirements to do business on the Airport, and all Operators are encouraged to exceed such minimums in conducting their respective activities. These Minimum Standards shall be deemed to be a part of each commercial Operator's Airport lease, license, permit, or agreement with the Authority, unless any such provisions are waived or modified in writing by the Authority. The mere omission of any particular standard from a commercial Operator's written lease, license, permit, or agreement with the Authority shall not constitute a waiver or modification of such standard in the absence of clear and convincing evidence that the Authority intended to waive or modify such standard. The Authority shall be the sole judge of whether an aeronautical activity at the Airport is, or is not, "commercial", consistent with regulations of the FAA.

b. Existing Operators. The Authority will "grandfather" the existing commercial Operators into this revision of Minimum Standards. However, any subsequent changes to an existing written lease, license, permit, or agreement with the Authority, including but not limited to assignment, renewal, expiration, or ownership change may at the discretion of the Authority render the current Minimum Standards a requirement for the existing Operator.

c. Multiple Services. Whenever a commercial Operator, subject to these Minimum Standards, conducts multiple activities pursuant to one lease, license, permit, or agreement with the Authority, such commercial Operator shall comply with the Minimum Standards for each separate activity or SASO being conducted. If the Minimum Standards for one of the commercial Operator's activities are inconsistent with the Minimum Standards for another of the commercial Operator's activities, then the Minimum Standards which are most beneficial to the Authority, and/or which are most protective of the public's health, safety and welfare, shall apply, or may be waived at the discretion of the Authority. When one or more activity is conducted, the minimum requirements shall vary depending on the nature of each activity and/or combination of activities, but shall not necessarily be cumulative. The Authority will make the final determination based on the benefits to the airport users, and based on the available space and/or existing improvements.

2.c Activities Not Covered by Minimum Standards

Any activities for which there are no specific Minimum Standards established will be addressed by the Authority on a case-by-case basis and set forth in such commercial Operator's written lease, license, permit, or agreement with the Authority.

2.d Waivers or Modifications

The Authority may waive or modify any portion of these Minimum Standards for the benefit of any governmental agency performing non-profit public services, fire protection, or emergency response operations. The Authority may waive or modify any portion of these Minimum Standards for any Operator when the Authority determines that such waiver or modification is in the best interest of the public and will not result in unjust economic discrimination against other commercial Operators at the Airport.

Any request for a waiver or modification from a commercial Operator must state specifically the primary guiding document and the provision for which the waiver or modification is being sought, describe the proposed waiver or modification specifically, state the reason or rationale for the waiver or modification, and identify the duration of the proposed waiver or modification. The Authority will consider only written requests, and shall respond to the requestor in writing.

Any variance or modification approved by the Authority shall apply only to the special conditions and unique circumstances of the particular case under which the waiver or modification is granted and shall not serve to amend, modify, or alter the primary guiding document and/or Minimum Standard. The waiver or modification expires upon the soonest of 1) when the special conditions or unique circumstances of the particular case are no longer applicable; or 2) when the expiration date specified in the Authority's written approval has occurred; or 3) when there occur subsequent changes to the commercial Operator's existing written lease, license, permit, or agreement with the Authority, including assignment, renewal, expiration, or ownership change.

SECTION 3 AUTHORITY OF THE FAIRHOPE AIRPORT AUTHORITY

3.a Airport Ownership/Sponsorship

The Authority owns and operates the Airport. The City of Fairhope, Alabama, (City) is a major funding source of Airport. As such, both the Authority and the City are public agencies with control of a public-use airport, meeting the FAA definition of "Sponsor";

The Authority's goals include developing aviation as an integral part of the region's transportation network; creating and implementing strategies to protect and improve the area's aviation system; encouraging aviation-related economic development; supporting aviation safety and education; and increasing aviation activities on the Eastern Shore.

3.b Administrative Responsibilities

a. Administrative Roles. The Authority may perform acts; adopt, amend, or issue orders, rules and regulations; and make, promulgate, or amend Minimum Standards as necessary to ensure that:

- Any Operator using Airport property or facilities shall compensate the Authority at fair market value (fair market rent) for such use and privileges.
- No Operator shall receive a competitive advantage through free or less-than-fair market value (rent) utilization of Airport facilities for which other comparable commercial Operators are compensating the Authority at fair market value (rent) for substantially the same use, except for terms and conditions of existing agreements that originated at different times that are not yet updated or modified through expiration of term, amendment, assignment, extension or other adjustment provision.
- Airport public areas, roads, taxiways, runways, and aprons shall remain safe, available and open for public aeronautical use on a non-discriminatory basis and in compliance with appropriate standards.

b. Commercial Activity Authorization. When the Authority determines that an Operator is engaged or proposes to engage in commercial activity at the Airport, the Authority may grant that Operator permission to do so, may issue that Operator a permit with restrictions or conditions, may require the Operator to enter into an agreement with the Authority, or may deny such permission. The Authority will consider the following criteria in determining if a commercial aeronautical activity is authorized to be conducted on the Airport:

- i. The terms and conditions of any pre-existing agreements with commercial Operator(s) at the Airport providing comparable services.
- ii. The impact of the new commercial activity on public safety and convenience. The Authority will impose conditions and restrictions necessary to ensure safety in the air and on the ground, and to preserve unobstructed traffic patterns and runway approaches.

- iii. The amount of space available at the Airport, the customary uses of the Airport, and the compatibility of the new commercial activity with present and planned development at the Airport.
- iv. The manner in which the new commercial activity complies with Federal, State, and local laws and regulations, including land use provisions and storm water management.
- v. Whether the new commercial activity is conducted for profit, or for non-profit promoting aviation, safety, or educational purposes.

Refer to Attachment B in this document for application information, and a list of reasons for which such application may be denied.

3.c Minimum Standards Review, Revisions, and Amendments

The Authority from time to time may conduct a review of the Minimum Standards and based upon such review may elect to revise and/or amend the Minimum Standards. Reasons for such review include but are not limited to changes in Airport business, changes in the regulatory environment, new FAA or Alabama Aeronautics Bureau guidance, changes in environmental conditions, or to correct errors, omissions, or inconsistencies in the Minimum Standards currently in effect.

3.d Enforcement, Right To Enter, and Inspection Authority

a. Enforcement. The intention of the Authority is to provide consistent, uniform, fair, and reasonable enforcement of these Minimum Standards.

b. Right To Enter and Inspection Authority. The Authority through its designated representatives has the right to enter the Authority-owned Airport property, leasehold, or business of any commercial Operator to inspect the facilities during normal business hours or upon any event or emergency basis which could be detrimental to the safety or health of the general public or which could result in damage or injury to the Authority, and to ensure that the commercial Operator is complying with the Minimum Standards. The Authority will make reasonable effort not to disrupt normal business during such inspections.

c. Conflicting Regulatory Measures and Agreements. If a provision in these Minimum Standards is found to be in conflict with a provision of any other governing document, agreement, or regulatory measure, the provision that establishes the higher standard (the most stringent or restrictive) shall prevail. Nothing in these Minimum Standards shall be interpreted to repeal, abrogate, annul, or in any way impair or interfere with any regulatory measure.

SECTION 4 BUSINESS OPERATIONS

4.a Employee Conduct and Customer Service Emphasis

The Authority works diligently to provide high quality services to the growing needs and requests of airport users; as such, the Authority requires its commercial Operators, businesses, and tenants to do the same.

4.b Management Control and Supervision

Each commercial Operator is required to employ the necessary quality of trained staff, on-duty management and supervisors to provide for the efficient, safe, and orderly compliance with its lease, license, agreement, or permit obligations. In addition, each Operator is required to control the conduct and demeanor of its personnel and subtenants, as well as to conduct its business operations in a safe, orderly, efficient and proper manner so as not to unreasonably disturb, endanger or offend any customers, tenants, or competitive Operators.

4.c Personnel Training and Certification

All commercial Operator personnel shall be fully qualified and trained or be in training with supervision, to provide a high quality standard of courteous, efficient, and safe service to the general public, customers, and airport users. Personnel shall meet all Federal, State, local and/or professional training and certification requirements applicable to their individual duties and company services.

4.d Corporate Identification Requirement

a. Personnel. All personnel employed by the Operator to perform commercial aeronautical services on the Airport are required to be appropriately dressed and identifiable while on duty. The commercial Operator's business name shall be included in the means of identification on each person.

b. Buildings, Vehicles, and Equipment. Each building, vehicle, and piece of mobile or vehicular equipment used on the Airport in conjunction with the commercial activity shall bear the Operator's identification in the form of a company logo, sign, emblem, or other means to designate the Operator to whom the building, vehicle, or equipment is assigned. Identification shall be legible with a contrasting background and displayed in a manner that is acceptable to the Authority.

c. Higher Standard. Of any relevant Federal requirements for Corporate Identification Requirements, and the provisions of sub-sections "a" and "b" above, the higher standard shall prevail.

4.e Interference with Utilities and Communications

No Operator shall do or permit to be done anything that may interfere with the effectiveness or accessibility of the Airport or any public utility system, private utility system, communications system, video or other surveillance system, drainage system, sewer system, fire protection system, sprinkler system, alarm system, or fire hydrant. If an Operator discovers any such interference or potential interference, the Operator has a positive obligation and requirement to notify both the Authority and the appropriate system owner or fire department immediately.

SECTION 5 MINIMUM STANDARDS FOR FIXED BASE OPERATORS

5.a Primary Aeronautical Services

A Fixed Base Operator (FBO) is an entity engaged in the business of providing multiple commercial aeronautical services to aircraft and airport users. In addition to the primary aircraft fueling and aircraft line services and aircraft airframe and powerplant maintenance (described in Section 5.g), an FBO at the Airport shall provide a minimum of two (2) of the following secondary FBO services (described in Section 5.h). FBOs shall be permitted to provide fueling services and to operate fueling facilities at the Airport for both fixed and rotary wing aircraft.

Each FBO may subcontract or use third-party operators to provide aircraft maintenance and any of the secondary services, subject to agreement(s) approved in advance by the Authority. Subcontractors and third-party operators shall meet all Minimum Standards and operate from the primary FBO leasehold premises in areas approved by the Authority.

Each FBO shall conduct its business and activities on and from the leasehold premises in a safe and professional manner consistent with the degree of care and skill exercised by experienced FBOs providing comparable products, services, and activities from similar airports in like markets.

The Authority, the FAA, the TSA, and/or the Alabama Bureau of Aeronautics may periodically conduct inspections of any or all FBO activities and facilities to ensure compliance with laws, regulations, leasehold agreements, and Minimum Standards. Additionally, other governmental agencies may from time to time conduct inspections of specific FBO activities and facilities within the agencies' jurisdiction. Each FBO has a positive obligation to cooperate fully with any such inspection, and to remedy any defects identified in the inspection.

5.b Aircraft Design Group Serviceability

Each FBO shall provide the personnel, equipment, and facilities required to service all types of general aviation aircraft normally frequenting the Airport, up to and including Airport Reference Code (ARC) C II – wingspan up to 79 feet and tail height up to 30 feet.

5.c Leasehold Size

a. Leaseholds and Buildings in Total. Each FBO shall lease from the Authority a minimum of 180,000 square feet in total, of which no less than 120,000 square feet shall be ramp space, no less than 3,000 square feet shall be a public use terminal building, and no less than 27,000 square feet shall be hangar space for aircraft storage/maintenance.

b. Ramp Space. The ramp space shall be used for aircraft parking, and transit to/from the FBO. Ramp space may be paved or unpaved (for those aircraft designed to taxi on unpaved grassy areas), but only paved ramp space shall count toward the 120,000 square feet minimum.

c. Public Use Terminal Building. Each FBO shall lease or construct a public use terminal building (Terminal) of no less than 3,000 square feet with appropriate accommodations for customer lobby, pilot lounge, flight planning and briefing area, administrative offices, public restrooms, general meeting room, and high speed internet connection. The Terminal may be a stand-alone building or part of a larger building. Administrative offices used for purposes other than those directly associated with the FBO operation shall not count toward the 3,000 square feet minimum size.

d. Aircraft Storage/Maintenance Building(s). Each FBO shall lease or construct a minimum of 27,000 square feet of hangar space for aircraft storage/maintenance. No less than 20,000 square feet of the hangar space must be able to accommodate aircraft with wingspans of 79 feet and tail height of 30 feet. If multiple buildings comprise the total minimum of 27,000 square feet, at least one of the buildings must be 10,000 square feet inside dimension free and clear contiguous open space.

e. Motor vehicle parking places. Each FBO shall lease or construct motor vehicle parking places for customers and employees consistent with the Parking Standards of the City of Fairhope; plus, parking places for rental cars and crew cars used by the FBO; plus, parking places for fuel trucks and other FBO equipment.

f. Fuel Storage Facility (Fuel Farm). Each FBO shall lease or construct a Fuel Storage Facility (Fuel Farm) to accommodate the fueling requirements as outlined in Section 5.h.

5.d Hours of Operation

Each FBO is required to be open for business and provide aircraft fueling and line services a minimum of seven (7) days per week, fourteen (14) hours per day with certain exceptions as approved by the Authority. Business hours and holiday schedules must be provided to the Authority in advance. Each FBO shall be on a twenty-four (24) hour "on-call" basis to provide after-hours aircraft fueling and line services within one (1) hour of a customer request; as such, each FBO shall provide a land line or cell phone "hot line" well posted and advertised to its customers.

5.e Employee Staffing and Qualifications

Each FBO shall employ and have on duty during the required hours of operation a sufficient staff to meet the Minimum Standards for each aeronautical service provided.

Each FBO shall provide the Authority, and keep current, a written statement of names, addresses, and contact information for all personnel responsible for the operation and management of the FBO. In addition, each FBO shall provide the Authority, and keep current, a point-of-contact with phone numbers for emergency situations.

FBO hiring and employment practices must comply with all Federal and State guidelines, including but not limited to non-discrimination laws, FAA/TSA security and background checking requirements, and Alabama e-Verify laws.

All FBO fuel handling personnel shall be trained in the safe and proper handling, dispensing, and storage of aviation fuels. The FBO shall develop and maintain Standard Operating Procedures (SOP) for refueling and ground handling operations and shall ensure compliance with standards set forth in CFR Part 139.321 and FAA Advisory Circular 00-34, Aircraft Ground Handling and Servicing. The SOP shall address bonding and fire protection, public protection, control of access to the fuel storage area, and marking and labeling of fuel storage tanks and fuel dispensing equipment, and shall be submitted to the Authority no later than thirty (30) days prior to the FBO commencing fueling activities.

Additionally, each FBO shall comply with the National Fire Protection Association's codes and standards, FAA Advisory Circular 150/5230-4, Aircraft Fuel Storage, Handling, and Dispensing on Airports, Airport rules and regulations, and all other applicable laws related to aircraft fuel handling, dispensing and storage. Each FBO shall obtain all applicable fueling certifications and permits, and receive periodic refresher training as required.

5.f Insurance Requirements

Each FBO shall maintain the types and amounts of insurance as specified in its lease or other agreement to adequately cover the respective categories of aeronautical services provided and to meet all Authority insurance requirements. The types of insurance required may include, but not be limited to, the following:

- i. Workers Compensation as required by the State of Alabama and a policy that includes Employer's Liability Coverage for each person-accident, each person-disease, and aggregate-disease;
- ii. Property insurance covering all buildings, structures, improvements, and contents;
- iii. Airport liability including bodily injury, property damage, premises, operations, products and completed operations, hangarkeepers, contractual liability, and independent contractors. Insurance is on an occurrence type basis;
- iv. Aircraft liability including bodily injury and property damage;
- v. Business automobile coverage including bodily injury and property damage written on a per accident basis; and,
- vi. Environmental impairment coverage including spillage, leakage, seeping or the like arising out of fuel storage, fueling operations, lubricants and other petroleum products, non-petroleum chemicals, and/or hazardous materials.

The exact types and limits of coverage shall be determined during lease/agreement development, are dependent upon the types of activities authorized under the lease/agreement, and may be modified by the Authority should the FBO modify its activity. The minimum requirements for certain types of insurance are shown in Attachment C: "Minimum Insurance Requirements for Commercial Aeronautical Activities", but this is not a complete list of all insurance types and coverage limits that may be determined by the Authority during lease/agreement development to be necessary.

Each FBO shall provide the Authority with proof(s) of insurance certificate(s) annually. With respect to liability arising from activities performed by or on behalf of the FBO, the FBO is required to indemnify and hold harmless the Authority. The FBO is required to list the Authority as an additional insured.

5.g Primary FBO Services

a. Fueling.

- i. Each FBO must provide the sale and into-plane delivery of common and recognized brands of aviation fuels, lubricants, and other aviation petroleum products. In addition, each FBO shall provide, store, and dispense 100LL octane avgas and Jet A fuel. All equipment used for the storage and/or dispensing of petroleum products must meet Federal, State, and local codes, rules and regulations. The location of the fuel storage facility shall be in conformance with the Airport's Master Plan and approved by the Authority.
- ii. Each FBO shall at all times comply with FAA Advisory Circular 00-34, Aircraft Ground Handling and Servicing.
- iii. Each FBO shall provide a stationary fuel storage system with safety features and filtration systems to ensure fuel quality. Each FBO shall ensure that all fuel is delivered into aircraft fuel tanks clean, bright, pure and free of microscopic organisms, water, or other contaminants.
- iv. The 100LL avgas and Jet A fuel storage tanks shall each be a minimum of ten thousand (10,000) gallon capacity. The FBO shall also provide mobile or stationary dispensing equipment and adequate trained staff to serve the Airport's fuel demand. Filter-equipped fuel dispensers with separate dispensing pumps and meter systems for each grade of fuel shall be provided. All metering devices must be inspected, checked, and certified periodically as required by appropriate State and local agencies. Fuel storage tanks shall meet all regulatory requirements.
- v. Each FBO shall, at its own expense, maintain the fuel storage facility, all improvements thereon, and all appurtenances thereto, in a presentable condition consistent with good business practices and in accordance with the appropriate rules, regulations and requirements. If the FBO leases a previously constructed fuel storage facility, it is the responsibility of the FBO at its own expense to improve the leased facility to meet all current rules, regulations, codes, and laws at the start of the lease.

- vi. Each FBO shall provide no less than two operating and fully functional refueling trucks, one each for 100LL avgas (capacity at least one thousand (1,000) gallons) and Jet A fuel (capacity at least two thousand (2,000) gallons). Each refueling vehicle shall be equipped with metering devices that meet all applicable regulatory measures. At least one refueling vehicle dispensing Jet A fuel shall have over the wing and single point servicing capacity. All fueling vehicles operating airside must comply with the Airport's airside vehicle permitting program.
- vii. Each FBO shall have a fuel storage system designed in accordance with all EPA regulations including proper fuel spill prevention features and containment capabilities. In addition, each FBO shall provide a current copy of its fuel spill prevention, countermeasures, and control plan to the Authority thirty (30) days prior to commencing operations. Fuel inventories will be monitored in accordance with current EPA standards, and details of inventories will be provided to the Authority when requested including total gallons received and delivered by type and date.
- viii. After receiving prior written permission from the Authority, an FBO may provide self-service fueling in addition to the required fuel equipment set forth above. Self-service fueling equipment must be in compliance with all applicable Federal, State, and local regulations and cannot be substituted for the required full-service fueling equipment set forth above.
- ix. Each FBO shall conduct the lawful, sanitary, and timely handling and disposal of all solid waste, regulated waste, and other materials including, but not limited to, contaminated fuel, sump fuel, used oil, solvents, and other regulated waste. The piling and storage of crates, boxes, barrels, containers, refuse, and surplus property is not permitted upon the FBO premises.
- x. Each FBO shall provide an adequate supply of properly located, type, size and operable fire extinguishers and other safety equipment, including personal protective equipment. All fire extinguisher certifications must be current. Fire extinguishers shall be maintained within all hangars and other buildings, on apron areas, at fuel storage facilities, and on all ground handling and refueling vehicles as required by appropriate fire codes for the type of operation conducted.
- xi. Each FBO shall provide, and require the use of, proper electrical grounding equipment during any fuel transfer operations.
- xii. Each FBO shall demonstrate to the Authority's satisfaction that a reputable aviation fuel and lubricant distributor will provide the FBO with an enforceable agreement to purchase fuel and lubricants in quantities necessary to meet the requirements of the Airport.
- xiii. Aviation fuels and lubricants delivered to the FBO by the distributor will be considered by the Authority to be the fuels and oils dispensed for the purposes of calculating rates or charges (otherwise known as fuel flowage fees) under its Lease.

b. Aircraft Line Services.

Each FBO shall provide necessary equipment, supplies, and trained personnel for aircraft ramp assistance, towing, parking, and tie downs within the leased area. Equipment shall be sufficient to facilitate the handling of aircraft identified in Section 5.b, including but not limited to:

- i. Ground Power Units;
- ii. Emergency towing capability;
- iii. Oxygen;
- iv. Nitrogen;
- v. Compressed air services;
- vi. Ramp transportation.

c. Pilot Services and Concessions.

Each FBO shall provide at least the following services and concessions inside its Terminal building:

- i. Customer service counter stocked with basic pilot supplies;
- ii. Public restrooms;
- iii. Public lounge and waiting area;
- iv. Flight planning work area including computers with access to weather and internet flight planning functions;
- v. Telephone land line and Wi-Fi high speed internet access;
- vi. Snack food and beverage machines;
- vii. Local ground transportation contact information;
- viii. Local flight safety information;
- ix. Courtesy car.

d. Airframe and Powerplant Maintenance.

Each FBO shall provide airframe and powerplant maintenance services for single and multi-engine piston driven propeller aircraft. Similar services for turbine and jet fixed wing aircraft, and for rotorcraft are optional.

For airframe and powerplant maintenance each FBO shall:

- i. Satisfy the minimum space requirement as identified in Table No. 1 in Section 6.a.b for Airframe and Powerplant Maintenance Services;
- ii. Provide a minimum of one (1) FAA certified technician who possesses an airframe, powerplant, or aircraft inspector rating, or the facility shall be certified under and maintain all the requirements as specified in 14 CFR Part 145;
- iii. Keep premises open and services available a minimum of eight (8) hours daily, five (5) days a week. A technician shall also be available twenty-four (24) hours, seven (7) days a week for on-call emergencies;
- iv. Provide equipment, supplies, and parts required for airframe, powerplant, inspection, tire, battery, oxygen, and other routine aircraft maintenance functions appropriate for the type of aircraft serviced.

5.h Secondary FBO Services

a. Flight Training.

A flight training service operator provides aircraft dual and solo flight instruction and related ground school instruction as is necessary to complete a written pilot's examination and flight check ride for various classes of pilot's licenses and ratings. A flight training service provider shall:

- i. Satisfy the minimum space requirement as identified in Table No. 1 in Section 6.a.b for Flight Training Services;
- ii. Provide at least one (1) or more FAA certified flight instructor as necessary to meet the flight training demand and schedule requirements;
- iii. Own or lease one (1) or more airworthy aircraft necessary to meet the flight training demand and schedule requirements. At least one aircraft in the flight training fleet must be equipped for instrument flight instruction and must have four (4) or more seats;
- iv. Provide adequate mock-ups, pictures, slides, videos, computer aided devices and other training materials to provide proper and effective ground school instruction;
- v. Keep premises open and services available a minimum of forty (40) hours per week.

b. Aircraft Charter or Air Taxi and Aircraft Management Operations.

An aircraft charter or air taxi services operator provides air transportation of persons or property to the general public for hire, either on a scheduled or unscheduled basis, or as defined by 14 CFR Part 125 or Part 135 as applicable. An aircraft management operator is a commercial operator engaged in the business of providing aircraft flight dispatch, flight crews, or aircraft maintenance coordination to the public. An aircraft charter or air taxi operator, or an aircraft management operator shall:

- i. Satisfy the minimum space requirement as identified in Table No. 1 in Section 6.a.b for Air Charter or Air Taxi or Aircraft Management Services;
- ii. Provide at least one (1) person who holds a current FAA commercial pilot certificate and current Class I or II medical certificate and ratings appropriate for each aircraft listed on the operator's certificate. In addition, all flight personnel shall be properly rated for the aircraft operated.
- iii. Be open with services available a minimum of forty (40) hours per week. The operator shall have dispatch capability within four (4) hours of a customer request;
- iv. Own or lease or manage at least one (1) certified and continuously airworthy IFR-capable aircraft;
- v. Have and display in its public office a current FAR Part 135 Air Taxi Certificate or provisional FAR Part 135 Certificate, plus the aircraft identification page from the operating specifications manual of each aircraft listed on the certificate;
- vi. If applicable to rotorcraft operation, the operator providing external-loading capabilities will comply with the requirements contained within 13 CFR Part 133.

c. Aircraft Rental.

An aircraft leasing or rental services operator provides general aviation aircraft for leasing or rental to the public. An aircraft leasing or rental services operator shall:

- i. Satisfy the minimum space requirement as identified in Table No. 1 in Section 6.a.b for Aircraft Rental Services;
- ii. Provide at least one (1) person who holds a current FAA commercial pilot certificate including instructor rating and current Class I or II medical certificate and ratings appropriate for each aircraft listed on the operator's certificate;
- iii. Keep premises open with services available a minimum of eight (8) hours daily, six (6) days per week;
- iv. Own or lease one (1) or more airworthy aircraft for use in rental or flight training. At least one aircraft in the rental fleet must be equipped for instrument flight conditions and must have four (4) or more seats.

d. Avionics Maintenance and Sales.

An avionics services operator provides the maintenance, repair, and installation of aircraft avionics, radios, instruments, and accessories as described in 14 CFR Part 43. This service shall include the sale of new or used aircraft avionics, radios, instruments, and accessories. An avionics services operator shall:

- i. Satisfy the minimum space requirement as identified in Table No. 1 in Section 6.a.b for Avionics Maintenance and Sales Services
- ii. Provide at least one (1) trained and FAA certified technician;
- iii. Keep premises open with services available a minimum of eight (8) hours daily, five (5) days per week;
- iv. Hold the appropriate FAA repair station certificate(s) for the types of equipment the operator plans to service and/or install.

e. Aircraft Storage and Hangars.

An aircraft storage and hangar services operator leases and rents hangars, multiple T-hangars, and/or tie downs to aircraft owners or operators solely for aircraft storage purposes. The storage of automobiles, boats, recreational vehicles, and other non-aviation related equipment in aircraft hangars is strictly prohibited unless these items are in addition to the storage of an airworthy aircraft, and unless these items use a de minimis amount of space compared to the storage space used for the aircraft, and unless these items do not create a hazard or nuisance to the hangar facility. An aircraft storage and hangar services operator shall:

- i. Lease or sublease a sufficient amount of airport land to accommodate the proper quantity and size of hangars for the quantity and type of stored aircraft per FAA established guidelines. The minimum leasehold size, dimensions of the hangars, and the hangar door size and location are unique to each situation and must be approved in each case by the Authority;

- ii. Make hangar operator's contact name and phone numbers, hangar availability, and rental rates known to prospective customers via posted informational sign inside each FBO terminal. A separate leased space is not required for this service;
- iii. Ensure that each hangar is occupied primarily by aircraft as described in the introduction of this Section 5.e, and provide a listing of all aircraft stored within the operator's hangar facilities to the Authority;
- iv. Ensure the hangar tenants allow only preventative aircraft maintenance to be performed within the hangar property on their own aircraft in accordance with 14 CFR Part 43. Painting, welding, and any type of hazardous material storage shall not be permitted within the hangar property unless specifically authorized in advance by the Authority. The piling and storage of crates, boxes, barrels, containers, refuse, and surplus property shall not be permitted.

f. Aircraft Sales.

An aircraft sales services operator provides new and/or used aircraft sales, and/or aircraft brokerage services to the public. An aircraft sales services operator shall:

- i. Satisfy the minimum space requirement as identified in Table No. 1 in Section 6.a.b for Aircraft Sales Services;
- ii. Provide at least one (1) qualified aircraft salesperson and access to a demonstration pilot who holds a current FAA commercial pilot certificate and current Class I or II medical certificate and ratings appropriate for each aircraft being demonstrated;
- iii. Keep premises open with services available a minimum of eight (8) hours daily, five (5) days per week.

g. Aircraft Restoration and Refurbishing.

An aircraft restoration and refurbishing services operator provides restoration and refurbishing services of aircraft structures, parts, accessories, interiors, exteriors, and components to the public. An aircraft restoration and refurbishing services operator shall:

- i. Satisfy the minimum space requirement as identified in Table No. 1 in Section 6.a.b for Aircraft Restoration and Refurbishing Services;
- ii. Keep premises open with services available a minimum of eight (8) hours daily, five (5) days per week.

h. Specialized Flying Services.

FBOs providing specialized commercial flying services such as non-stop sightseeing tours, aerial photography or surveying, power line or pipeline patrol, firefighting or fire patrol, air ambulance, airborne mineral exploration, or other air transportation operations specifically excluded from FAR Part 135 shall:

- i. Satisfy the minimum space requirement as identified in Table No. 1 in Section 6.a.b for Specialized Flying Services;
- ii. Own or lease at least one (1) airworthy aircraft;
- iii. Provide at least one (1) person who holds a current FAA commercial pilot certificate and medical certificate with rating appropriate for the operator's aircraft;
- iv. Make specialized commercial flying services operator's contact name and phone numbers, service availability, and rates known to prospective customers via posted informational sign inside each FBO terminal. A separate leased space is not required for this service;
- v. Have services available within four (4) hours of request eight (8) hours daily, five (5) days per week.

SECTION 6 MINIMUM STANDARDS FOR SPECIALIZED AVIATION SERVICE OPERATIONS (SASO)

6.a General Requirements

a. Compliance

A Specialized Aviation Service Operation (SASO) is an entity engaged in the business of providing a single or limited number of multiple commercial aeronautical services to aircraft and airport users. SASOs must comply with Minimum Standards. However, the Authority will not require, without adequate justification, that a SASO meet all the criteria for a full-service FBO.

SASOs shall not be permitted to sell fuel or provide retail fueling services. SASOs may contact the Authority for the approval to fuel aircraft owned or leased directly by the SASO, but the granting of this privilege shall be at the sole discretion of the Authority.

Each SASO shall conduct its business and activities on and from the leasehold premises in a safe and professional manner consistent with the degree of care and skill exercised by experienced SASOs providing comparable products, services, and activities from similar airports in like markets.

The Authority, the FAA, the TSA, and/or the Alabama Bureau of Aeronautics may periodically conduct inspections of any or all SASO activities and facilities to ensure compliance with laws, regulations, leasehold agreements, and Minimum Standards. Additionally, other governmental agencies may from time to time conduct inspections of specific SASO activities and facilities within the agencies' jurisdiction. Each SASO has a positive obligation to cooperate fully with any such inspection, and to remedy any defects identified in the inspection.

b. Leased Space Requirement

Each SASO shall be presumed to be required to lease the required amount of space from the Authority or an existing Airport tenant (if such tenant has the permission of the Authority to sub-lease) as specified for individual services as shown in Table No. 1 in this Section. If multiple or bundled services are provided, SASO space may be cross-utilized for multiple SASO services.

Because of the unique nature of the Airport layout, and the specific details of each proposed SASO service, the Authority will consider a request from the SASO to justify a lesser amount of leasehold space than presumed in Table No. 1. However, approval of less than the presumed minimum leasehold space requirements shall be at the sole discretion of the Authority.

Each SASO must lease or sublease enough space to comply with the City of Fairhope parking requirements.

| Table No. 1: SASO Space Requirement by Activity* | | | |
|--|---------------------------|-----------------------------|--|
| Aeronautical Activity | Minimum Ramp Space | Minimum Hanger Space | Minimum Office/customer Space/storage/other Building(s) |
| Flight Training | 8,800 | 6,600 | 1,000 |
| Airframe and Powerplant Maintenance | 6,500 | 8,200 | 2,800 |
| Air Charter or Air Taxi or Aircraft Management | 8,000 | 5,900 | 1,000 |
| Aircraft Rental | 8,400 | 5,500 | 1,000 |
| Avionics Maintenance and Sales | 11,300 | 7,600 | 1,000 |
| Aircraft Sales | 8,500 | 6,200 | 1,000 |
| Aircraft Restoration and Refurbishing | 6,500 | 8,200 | 2,800 |
| Specialized Flying Services | 6,500 | 8,200 | 2,800 |
| *Minimum Square Foot Requirements as excerpted or derived from the Transportation Research Board of the National Academies in its “Survey of Minimum Standards: Commercial Aeronautical Activities at Airports” which was sponsored by the Federal Aviation Administration and published in February 2011. | | | |

c. Employee Staffing and Qualifications

Each SASO shall comply with Minimum Standards Section 5.e “Employee Staffing and Qualifications”.

d. Insurance Requirements

Each SASO shall comply with Minimum Standards Section 5.f “Insurance Requirements”.

6.b Fueling

If the Authority has granted to the SASO the privilege to fuel aircraft owned or leased directly by the SASO, then the SASO shall comply with Minimum Standards Section 5.g.a “Fueling”.

6.c Airframe and Powerplant Maintenance

If the SASO provides airplane and powerplant maintenance services, then the SASO shall comply with Minimum Standards Section 5.g.d “Airframe and Powerplant Maintenance”.

6.d Flight Training

If the SASO provides flight training services, then the SASO shall comply with Minimum Standards Section 5.h.a "Flight Training".

6.e Aircraft Charter or Air Taxi and Aircraft Management Operations

If the SASO provides aircraft charter or air taxi and aircraft management services, then the SASO shall comply with Minimum Standards Section 5.h.b "Aircraft Charter or Air Taxi and Aircraft Management Operations".

6.f Aircraft Rental

If the SASO provides aircraft rental services, then the SASO shall comply with Minimum Standards Section 5.h.c "Aircraft Rental".

6.g Avionics Maintenance and Sales

If the SASO provides avionics maintenance and sales services, then the SASO shall comply with Minimum Standards Section 5.h.d "Avionics Maintenance and Sales".

6.h Aircraft Storage and Hangars

If the SASO provides flight training services, then the SASO shall comply with Minimum Standards Section 5.h.e "Aircraft Storage and Hangars".

6.i Aircraft Sales

If the SASO provides aircraft sales services, then the SASO shall comply with Minimum Standards Section 5.h.f "Aircraft Sales".

6.j Aircraft Restoration and Refurbishing

If the SASO provides aircraft restoration and refurbishing services, then the SASO shall comply with Minimum Standards Section 5.h.g "Aircraft Restoration and Refurbishing".

6.k Specialized Flying Services

If the SASO provides specialized commercial flying services such as non-stop sightseeing tours, aerial photography or surveying, power line or pipeline patrol, firefighting or fire patrol, air ambulance, airborne mineral exploration, or other air transportation operations specifically excluded from FAR Part 135, then the SASO shall comply with Minimum Standards Section 5.h.h "Specialized Flying Services".

SECTION 7 FLYING CLUBS

7.a Purpose

A Flying Club is a non-profit entity organized for the purpose of providing its members with any number of aircraft for their personal use and enjoyment. Aircraft must be vested in the name of the Flying Club as owner. Leased aircraft may be utilized as long as all associated lease expenses are shared by the membership on a pro-rata share basis. Neither the Flying Club nor any of its members may derive greater revenue from the use of the aircraft than the cost to operate, maintain and replace the aircraft.

7.b Requirements

The Authority has the right to require a Flying Club to furnish documents such as insurance policies, in the amounts and types determined by the Authority, the Flying Club's by-laws, meeting minutes and notifications, an updated roster of all Flying Club aircraft, and a current list of members to ensure that the Flying Club remains a non-commercial and non-profit organization.

7.c Restrictions

A Flying Club may not offer nor conduct charter, air taxi, or rental of aircraft services. Nor may the Flying Club conduct flight instruction except for regular members, and only members of the Flying Club may operate the aircraft. All Flying Club members are prohibited from leasing or selling any goods or services whatsoever to any person or entity other than a member of the club. Credit against payment of dues or flight time may be extended to Flying Club members that perform maintenance and flight instruction services on the Flying Club's aircraft. A Flying Club and all of its members shall at all times abide by and comply with all Authority, federal, state, and local laws, ordinances, regulations, and rules. A Flying Club must be compliant with the requirements as stated in FAA Order 5190.6A.

7.d Aircraft Maintenance

A Flying Club shall have the privilege of maintaining Club-owned aircraft in accordance with applicable Federal Aviation Regulations, and any Flying Club's member in good standing who holds the appropriate licenses/ratings for the work being performed may provide the services. The following requirements apply:

- i. Maintain all insurances for the maintenance operation as defined by the Authority;
- ii. Meet all the requirements for disposal of any and all hazardous materials;
- iii. Perform maintenance only in areas designated by the Authority;
- iv. The Flying Club's member-mechanic may not charge for services, except that said member-mechanic may be compensated by credit against payment of dues or flight time;

- v. Service may be provided to the Flying Club's aircraft only;
- vi. If maintenance at the Airport is required that is beyond the capability of a Flying Club's member-mechanic, a Flying Club may obtain and pay for maintenance services from outside personnel. If the proposed mechanic is not employed by an FBO or SASO located on the Airport but otherwise authorized to perform the services, the mechanic must comply with Section 8, Commercial Operator Permits, of these Minimum Standards before being authorized to perform the services;
- vii. The Flying Club is permitted to hire an individual who would not otherwise qualify to be a member of the Club to serve as an employee of the Club for the purpose of maintaining Club-owned aircraft. However, this individual must be considered at all times an employee of the Club and not a contractor. Maintenance work shall be done in accordance with sub-sections (i), (ii), (iii), and (v) above.

SECTION 8 COMMERCIAL OPERATOR PERMITS

8.a Introduction

A person or entity that does not lease property on the Airport that would like to engage in providing commercial services shall be accorded a reasonable opportunity, without discrimination, to apply for a Commercial Operator Permit. All persons or entities permitted to engage in commercial activities shall be required to comply with all Authority, Federal, State, and local laws, ordinances, regulations, and rules including but not limited to all applicable environmental laws. Services may be provided only in areas so designated by the Authority.

8.b Permit/Approval

No person or entity shall engage in commercial activities at the Airport without a valid Commercial Operator Permit from the Authority. Each person or entity must complete a Commercial Operator Permit application. All holders of a Commercial Operator Permit (Permit) shall be required to obtain and maintain insurance coverage and policy limits as determined during the permitting process by the Authority. All holders of a Permit shall comply with all terms and conditions of the Permit or the Permit may be revoked by the Authority. Each Permit may be subject to an administrative fee established by the Authority.

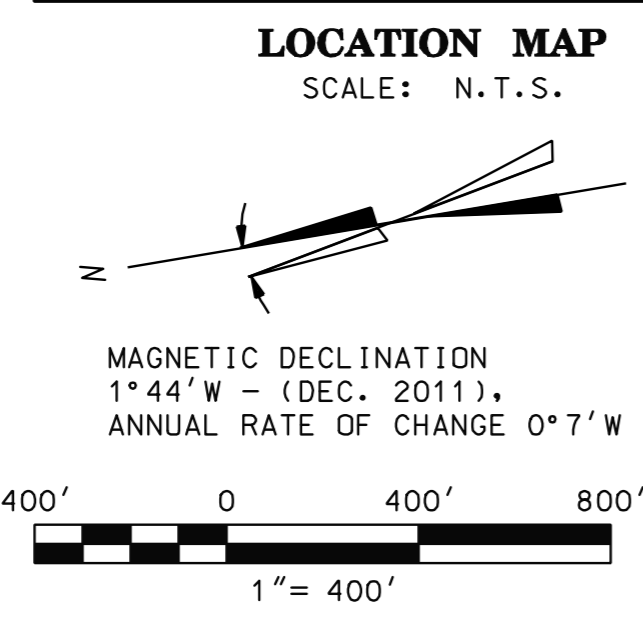
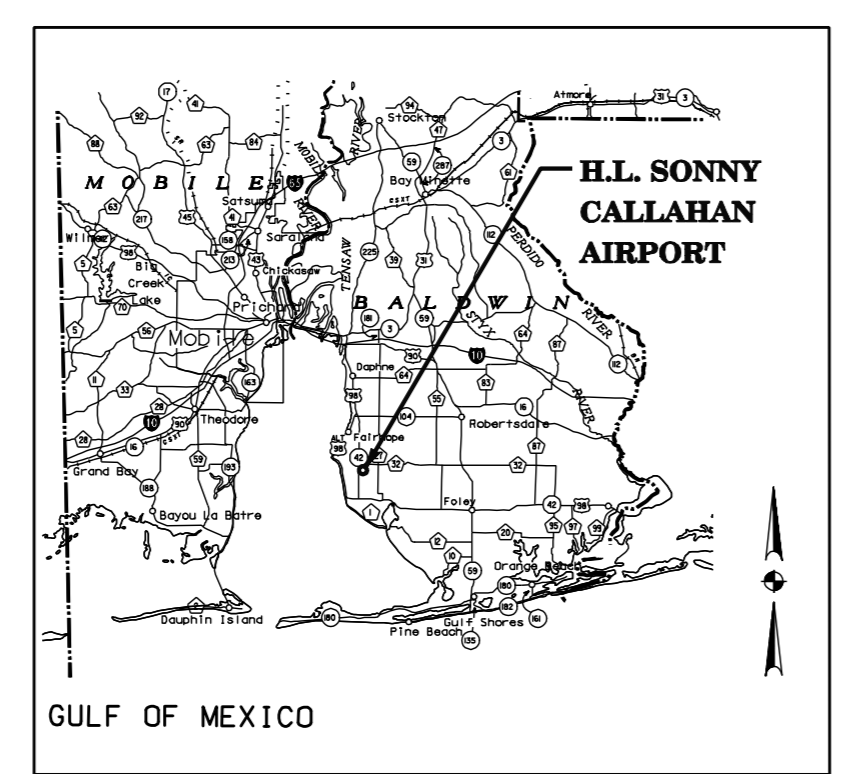
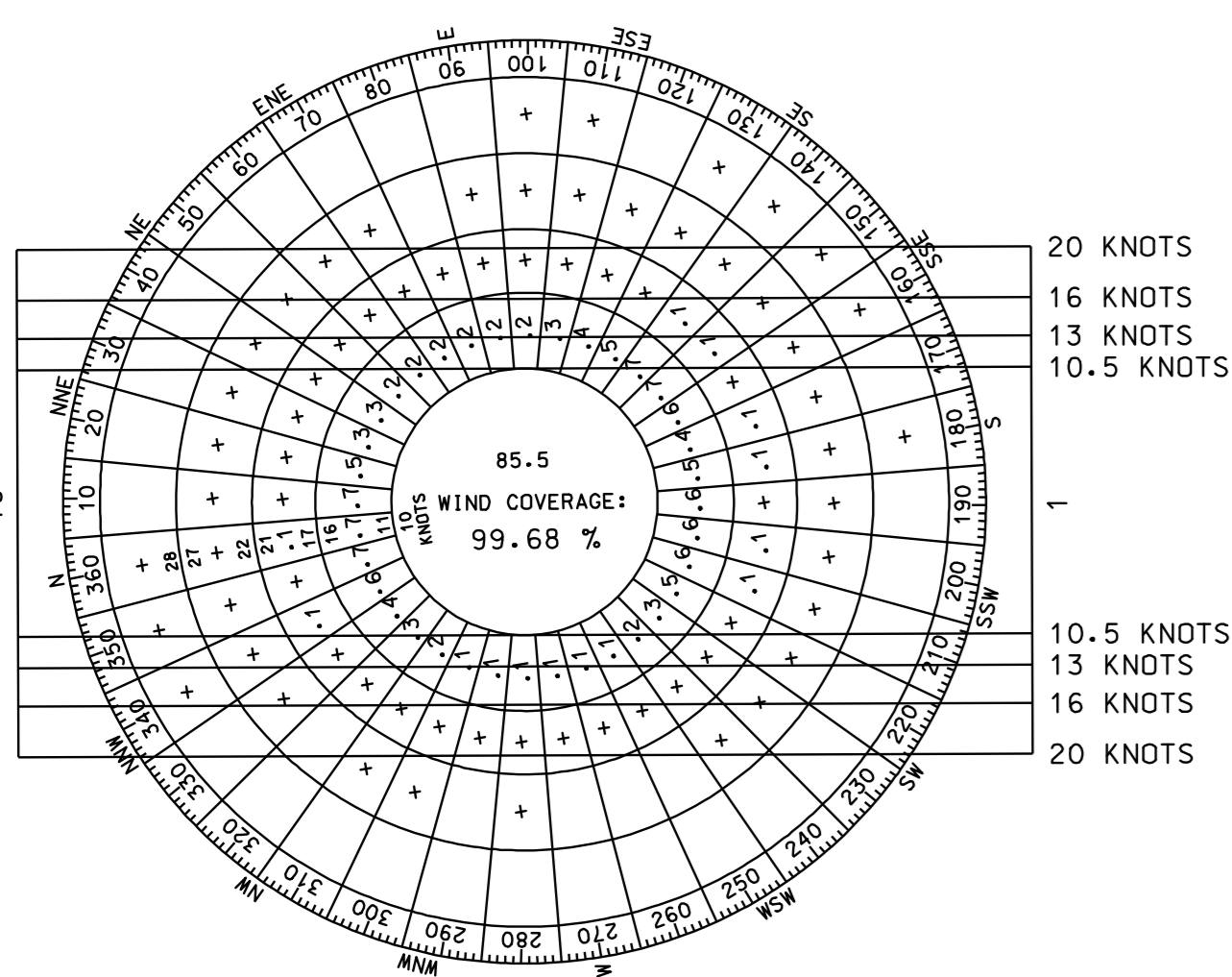
8.c Reporting

All holders of a Permit shall report in a form acceptable to the Authority all services delivered and/or dispensed during each calendar month. The report, and any applicable fees and charges, must be received by the Authority on or before the 10th day of the subsequent month. All holders of a Permit shall maintain records of all activities for not less than a three (3) year period, and records shall be made available for audit by the Authority.

SECTION 9 EXHIBITS AND ATTACHMENTS

Schedule of Exhibits and Attachments

- A. Airport Layout Plans and/or Property Maps
- B. Lease Application/Alteration/Denial Details
- C. Airport Minimum Insurance Requirements



ALL WEATHER WIND ROSE

SOURCE: NATIONAL CLIMATIC DATA CENTER
MOBILE, ALABAMA
PERIOD: 1992-2002
OBSERVATIONS: 82,114
COVERAGE: 100.00% FOR 20 KNOTS
99.68% FOR 16 KNOTS
97.07% FOR 13 KNOTS
96.44% FOR 10.5 KNOTS

DATUM REFERENCE

NORTH AMERICAN HORIZONTAL DATUM 1983-NAD83
NORTH AMERICAN VERTICAL DATUM 1988-NAD88

- NOTES:
1. THERE ARE NO OBJECTS VIOLATING THE RUNWAY OBSTACLE FREE ZONE (OFZ).
2. THERE ARE NO OBJECTS VIOLATING THE THRESHOLD SITING SURFACE (TSS).

| RUNWAY OBJECT FREE AREA (OFA) DIMENSIONS | | |
|--|-----------------------------------|-----------------------------------|
| RWY END | EXISTING | ULTIMATE |
| 01 | 800' W X 1,000' BEYOND RUNWAY END | 800' W X 1,000' BEYOND RUNWAY END |
| 19 | 800' W X 1,000' BEYOND RUNWAY END | 800' W X 1,000' BEYOND RUNWAY END |

| RUNWAY OBSTACLE FREE ZONE (OFZ) DIMENSIONS | | |
|--|-------------------------------|-------------------------------|
| RWY END | EXISTING | ULTIMATE |
| 01 | 400' X 200' BEYOND RUNWAY END | 400' X 200' BEYOND RUNWAY END |
| 19 | 400' X 200' BEYOND RUNWAY END | 400' X 200' BEYOND RUNWAY END |

| RUNWAY PROTECTION ZONE (RPZ) DIMENSIONS | | |
|---|--------------------------------|--------------------------------|
| RWY END | EXISTING | ULTIMATE |
| 01 | 500' IW X 1,010' OW X 1,700' L | 500' IW X 1,010' OW X 1,700' L |
| 19 | 500' IW X 1,010' OW X 1,700' L | 500' IW X 1,010' OW X 1,700' L |

| RUNWAY SAFETY AREA (RSA) DIMENSIONS | | |
|-------------------------------------|---------------------------------|---------------------------------|
| RWY END | EXISTING | ULTIMATE |
| 01 | 500' X 1,000' BEYOND RUNWAY END | 500' X 1,000' BEYOND RUNWAY END |
| 19 | 500' X 1,000' BEYOND RUNWAY END | 500' X 1,000' BEYOND RUNWAY END |

| BUILDING DATA | | |
|---------------|------------------------------------|-----------|
| NO. | STRUCTURE | ELEVATION |
| B1 | T-HANGARS | 93' |
| B2 | STORAGE HANGAR 100'x100' | 113' |
| B3 | STORAGE HANGAR 100'x100' | 113' |
| B4 | ARFF BUILDING | 106' |
| B5 | STORAGE HANGAR 270'x150' | 124' |
| B6 | STORAGE HANGAR 80'x80' | 95' |
| B7 | AIRPORT ELECTRICAL EQUIPMENT VAULT | 100' |

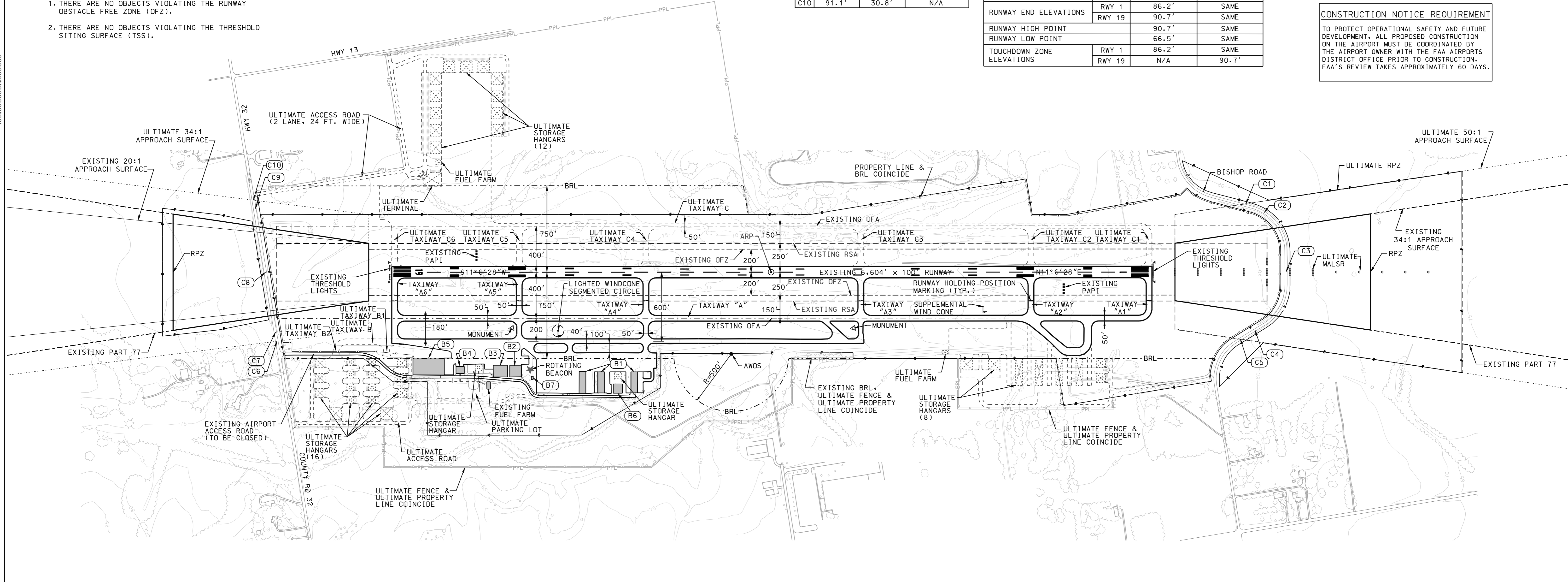
| TRAVERSE WAY CLEARANCES | | | |
|-------------------------|-----------|--------------------------------|-----------------------------------|
| NO. | ELEVATION | ULTIMATE FAR PART 77 CLEARANCE | ULTIMATE THRESHOLD SITING SURFACE |
| C1 | 81.6' | 17.0' | N/A |
| C2 | 81.6' | N/A | 27.5' |
| C3 | 80.5' | 25.3' | 34.5' |
| C4 | 83.0' | N/A | 24.4' |
| C5 | 83.0' | 15.6' | N/A |
| C6 | 91.0' | 23.8' | N/A |
| C7 | 91.0' | N/A | 42.2' |
| C8 | 91.1' | 28.4' | 46.6' |
| C9 | 91.1' | N/A | 49.6' |
| C10 | 91.1' | 30.8' | N/A |

| RUNWAY DATA 1/19 | | |
|---------------------------------|---|--------------------------------------|
| | EXISTING | ULTIMATE |
| AIRPORT REFERENCE CODE | C-II | SAME |
| CRITICAL AIRCRAFT | G-III | SAME |
| APPROACH VISIBILITY MINIMUMS | RWY 1: 1 MILE RWY 19: 1 MILE | 1/2 MILE SAME |
| RUNWAY LENGTH | 6,604' | SAME |
| RUNWAY WIDTH | 100' | SAME |
| TAXIWAY WIDTH | 40' - 50' | SAME |
| APPROACH SURFACE | RWY 1: 34:1 RWY 19: 20:1 | 50:1 34:1 |
| INSTRUMENT RUNWAY | RWY 1: NON-PRECISION RWY 19: NON-PRECISION | PRECISION NON-PRECISION |
| MARKINGS | PRECISION | SAME |
| LIGHTING | MITL, HIRL | SAME |
| APPROACH AIDS | RWY 1: PAPI, GPS, REIL RWY 19: PAPI, REIL | PAPI, MALSR, WAAS PAPI, REIL, GPS |
| % WIND COVERAGE (20 KNOTS) | 100.00% | SAME |
| % WIND COVERAGE (16 KNOTS) | 99.68% | SAME |
| % WIND COVERAGE (13 KNOTS) | 97.07% | SAME |
| % WIND COVERAGE (10.5 KNOTS) | 96.44% | SAME |
| RUNWAY BEARING | RWY 1: 09° 22' 25" RWY 19: 189° 22' 31" | SAME SAME |
| EFFECTIVE GRADIENT | 0.07% | SAME |
| PAVEMENT CONSTRUCTION | ASPHALT | SAME |
| PAVEMENT STRENGTH | 45,000 SWL 60,000 DWL | SAME |
| RUNWAY END COORDINATES (NAD 83) | RWY 1: N 30° 27' 05.59" W 87° 52' 43.46" RWY 19: N 30° 28' 10.08" W 87° 52' 31.17" | SAME SAME |
| RUNWAY END ELEVATIONS | RWY 1: 86.2' RWY 19: 90.7' | SAME SAME |
| RUNWAY HIGH POINT | 90.7' | SAME |
| RUNWAY LOW POINT | 66.5' | SAME |
| TOUCHDOWN ZONE ELEVATIONS | RWY 1: 86.2' RWY 19: N/A | SAME 90.7' |

| LEGEND | | |
|--------------------------------------|-----------|-----------|
| | EXISTING | ULTIMATE |
| GRADE CONTOURS | 250 | NOT SHOWN |
| AIRPORT PROPERTY LINE | --- | PPL |
| EASEMENT | --- | --- |
| BUILDING RESTRICTION LINE (BRL) | ---BRL--- | SAME |
| OBJECT FREE AREA (OFA) | --- | --- |
| FENCE LINE | --- | --- |
| THRESHOLD LIGHTS | | |
| REIL | ▲ | ▲ |
| PAPI | ■■■■ | ■■■■ |
| BUILDING | ■ | ■ |
| PAVEMENT | ▨ | ▨ |
| WINDSOCK AND SEGMENTED CIRCLE | ⊙ | N/A |
| AIRPORT REFERENCE POINT (ARP) | ⊙ | N/A |
| ROTATING BEACON | ★ | ★ |
| LOCALIZER/ GLIDE SLOPE CRITICAL AREA | | |
| SUPPLEMENTAL WIND SOCK | ▲ | ▲ |
| SURVEY MONUMENT | ▽ | N/A |

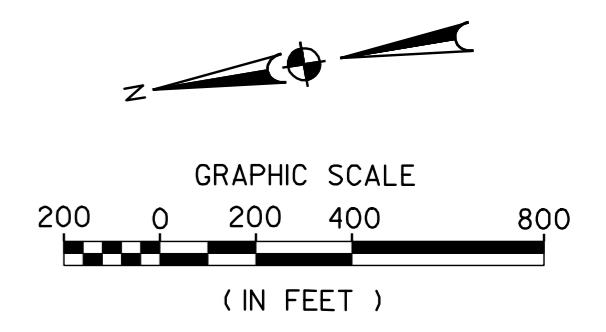
| AIRPORT DATA | | |
|--|---------------------------|----------|
| | EXISTING | ULTIMATE |
| AIRPORT REFERENCE POINT COORDINATES (NAD 83) | N30° 27' 37.84" | SAME |
| MEAN MAX. TEMP. HOTTEST MONTH | 90°F | SAME |
| AIRPORT ELEVATION | 90.7' | SAME |
| NAVIGATIONAL AIDS | GPS, ROTATING BEACON, VOR | SAME |

CONSTRUCTION NOTICE REQUIREMENT
TO PROTECT OPERATIONAL SAFETY AND FUTURE DEVELOPMENT, ALL PROPOSED CONSTRUCTION ON THE AIRPORT MUST BE COORDINATED BY THE AIRPORT OWNER WITH THE FAA AIRPORTS DISTRICT OFFICE PRIOR TO CONSTRUCTION. FAA'S REVIEW TAKES APPROXIMATELY 60 DAYS.



| | | | | | |
|------------------|------------------|--------------------|--|--|-------------------------------|
| SPONSOR APPROVAL | DESIGNED: G.B.M. | CHECKED: B.R.O. | | H.L. SONNY CALLAHAN AIRPORT FAIRHOPE, ALABAMA | AIRPORT LAYOUT DRAWING |
| | NO. DATE | DESCRIPTION | | | |
| | SCALE: AS NOTED | DATE: 08 / 20 / 12 | | | |

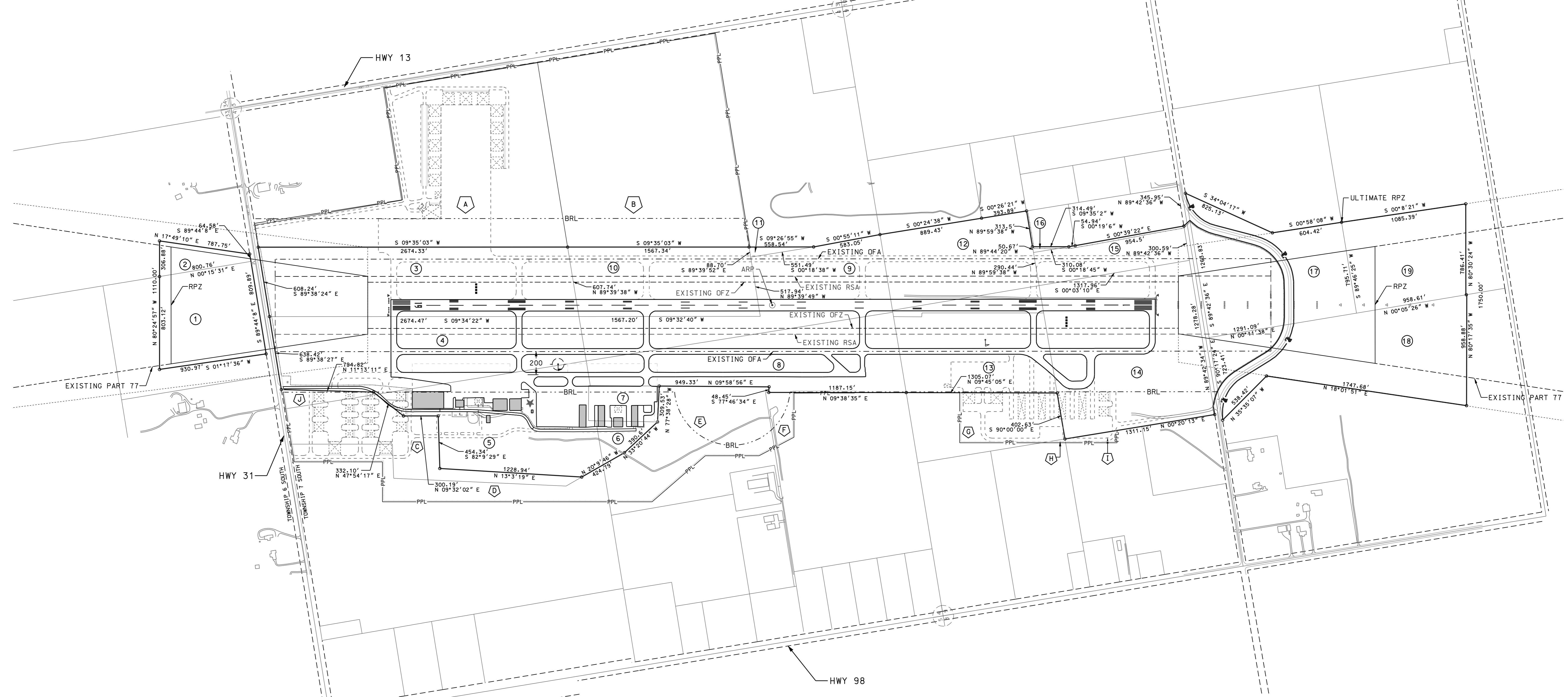
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| EXISTING PARCEL INFORMATION | | | | | |
|-----------------------------|---|----------|--------------------|-------------------|------------|
| PARCEL | PARCEL ACQUIRED FROM | ACRES | A.I.P. NUMBER | TYPE OF OWNERSHIP | DATE |
| 1 | WILLIAM THOMAS & MARY JULIA MCKENZIE | 16.0 Ac. | 05-46-08-33-0-000 | FEE | 10/31/2002 |
| 2 | FRED T. ETAL BURMEISTER | 03.3 Ac. | 05-46-08-33-0-000 | FEE | N/A |
| 3 | FAIRHOPE, CITY OF | 37.0 Ac. | N/A | FEE | 01/28/2003 |
| 4 | E. MASON MCGOWIN JR. ETAL UHLHORN, FLORENCE | 36.0 Ac. | 05-56-02-04-01-001 | FEE | 09/24/1985 |
| 5 | FAIRHOPE, CITY OF | 28.0 Ac. | N/A | FEE | 09/24/1985 |
| 6 | FAIRHOPE, CITY OF | 1.84 Ac. | N/A | FEE | 09/24/1985 |
| 7 | E. MASON MCGOWIN JR. ETAL UHLHORN, FLORENCE | 4.16 Ac. | N/A | FEE | N/A |
| 8 | FAIRHOPE, CITY OF | 28.0 Ac. | N/A | FEE | 09/24/1985 |
| 9 | FAIRHOPE, CITY OF | 27.0 Ac. | N/A | FEE | 09/24/1985 |
| 10 | E. MASON MCGOWIN JR. ETAL UHLHORN, FLORENCE | 22.0 Ac. | 05-56-02-04-04-001 | FEE | 01/28/2003 |
| 11 | AUSTIN & BETTY BEASLEY | 0.53 Ac. | 05-56-02-04-04-001 | FEE | 03/19/2003 |
| 12 | E. MASON MCGOWIN JR. ETAL UHLHORN, FLORENCE | 20.0 Ac. | N/A | FEE | 08/12/1985 |
| 13 | FAIRHOPE, CITY OF | 21.0 Ac. | N/A | FEE | 01/28/1966 |
| 14 | WALTER N. PFITZER JR. ETAL WONDA J. PFITZER | 40.0 Ac. | N/A | FEE | 06/14/1985 |
| 15 | CLIFFORD ETUX ADA BISHOP | 9.20 Ac. | 05-56-02-09-01-001 | FEE | 04/11/2003 |
| 16 | FAIRHOPE, CITY OF | 0.18 Ac. | 05-56-02-09-01-001 | FEE | 12/08/2003 |
| 17 | AUTHUR J. III AND KIMBERLY ANN, FREGO | 28.0 Ac. | 05-56-02-09-0-001 | FEE | 02/12/2003 |
| 18 | EMERY F. ETAL ALVIE CHILDRESS | 33.0 Ac. | 05-56-02-09-0-001 | FEE | 01/10/2003 |
| 19 | JAMES E. ATCHISON ETAL LEE/WAL | 18.0 Ac. | 05-56-02-09-0-001 | FEE | 03/13/2003 |

| PARCEL ACQUISITION INFORMATION | | | | | |
|--------------------------------|----------------------------|-----------|-----------|-------------------|--|
| TRACT | OWNER | ACREAGE | TAKING | TYPE OF OWNERSHIP | |
| A | FAIRHOPE AIRPORT AUTHORITY | 56.00 Ac. | 56.00 Ac. | FEE | |
| B | FAIRHOPE AIRPORT AUTHORITY | 62.00 Ac. | 62.00 Ac. | FEE | |
| C | FAIRHOPE AIRPORT AUTHORITY | 15.00 Ac. | 15.00 Ac. | FEE | |
| D | FAIRHOPE AIRPORT AUTHORITY | 79.00 Ac. | 11.47 Ac. | FEE | |
| E | FAIRHOPE AIRPORT AUTHORITY | 26.00 Ac. | 19.96 Ac. | FEE | |
| F | AVIATION INDUSTRIAL GROUP | 41.00 Ac. | 2.10 Ac. | FEE | |
| G | AVIATION INDUSTRIAL GROUP | 15.00 Ac. | 8.62 Ac. | FEE | |
| H | JOYCE BISHOP | 16.00 Ac. | 0.08 Ac. | FEE | |
| I | FULLER L. ETAL CHILDRESS | 26.00 Ac. | 0.72 Ac. | FEE | |
| J | FAIRHOPE AIRPORT AUTHORITY | 1.60 Ac. | 1.60 Ac. | FEE | |

| | LEGEND | |
|--------------------------------------|-----------|----------|
| | EXISTING | ULTIMATE |
| AIRPORT PROPERTY LINE | --- | --- |
| EASEMENT | --- | --- |
| BUILDING RESTRICTION LINE (BRL) | ---BRL--- | SAME |
| OBJECT FREE AREA (OFA) | --- | --- |
| FENCE LINE | --- | --- |
| THRESHOLD LIGHTS | | |
| REIL | ▲ | ▲ |
| PAPI | ■■■■ | ■■■■ |
| BUILDING | ▬ | ▬ |
| PAVEMENT | ▬ | ▬ |
| WINDSOCK AND SEGMENTED CIRCLE | ⊙ | N/A |
| AIRPORT REFERENCE POINT (ARP) | ⊙ | N/A |
| ROTATING BEACON | ★ | ★ |
| LOCALIZER/ GLIDE SLOPE CRITICAL AREA | | |
| SUPPLEMENTAL WIND SOCK | ▲ | ▲ |
| SURVEY MONUMENT | ▽ | N/A |



| | | | | |
|------------------|--------------------|--------------------------------------|--|-----------|
| DESIGNED: G.B.M. | CHECKED: B.R.O. | VOLKERT | H.L. SONNY CALLAHAN AIRPORT FAIRHOPE, ALABAMA | EXHIBIT A |
| DETAILED: J.R.C. | CHECKED: G.B.M. | | | |
| SCALE: AS NOTED | DATE: 08 / 20 / 12 | PROJECT NO. 673807.10 SHEET NO. A | | |

| NO. | DATE | DESCRIPTION | BY |
|-----|------|-------------|----|
| | | | |
| | | | |

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ATTACHMENT B
LEASE APPLICATION/ALTERATION/DENIAL DETAILS

General

Each person, corporation, or other business entity desirous of becoming a commercial tenant at the Airport must complete and submit an application to the Chairman of the Authority (Chairman) for review and consideration by the Authority. Additionally, if an existing tenant experiences a change in ownership of 25% or more, or the leasehold is desired by the tenant to be altered or modified, the Authority may require that the tenant resubmit an application for tenancy. The Chairman reserves the right to request from an applicant for tenancy in written form, at the time of, and as part of its application, the following information and thereafter such additional information as may be required or requested by the Chairman.

As a prerequisite to occupancy on and the granting of commercial operating privileges at the 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 but not be limited to:

1. The legal name of the entity filing the application and its “dba” name if different;
2. The name, address, and telephone number of the entity and its primary contact person;
3. The names, addresses, and phone numbers of all owners of five (5) percent or more equity interest, management control, or debt in the entity;
4. The proposed date for commencement of the intended activities and proposed term for conducting same;
5. 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;
6. For proposed agreements to lease (or requests for assignments) existing structures or improvements, a description of the size, location, and proposed utilization of office, hangar, ramp, and vehicle parking areas to be utilized;
7. For proposed agreements to lease (or requests for assignments) 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 other 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 in ink and submitted both in original size and in reduction to 8.5 X 11.0 inches. The Authority retains the right to request a metes and bounds legal description of lease property boundaries;
8. The number of persons to be employed, detailed by position descriptions and required qualifications, and further detailed as to full-time, part-time, or seasonal;
9. The number of aircraft to be utilized in connection with the proposed activities, including for each aircraft the make, model, passenger seating capacity, cargo

- capacity, instrument flight capability, aircraft registration number, and copies of applicable operating certificates;
10. The tools, equipment, vehicles, and inventory proposed to be utilized in connection with the proposed activities;
 11. A written business plan, including market analysis, to include a written statement addressing at least the following topics:
 - a. Definition of target markets;
 - b. Intended market share;
 - c. Promotional marketing techniques;
 - d. Description of existing competitors;
 - e. Percent of intended sales related to aircraft based on the Airport;
 - f. Evidence of support from potential customers, such as surveys, testimonials, and/or related information;
 - g. List of products to be sold or distributed (if any) and a list of manufacturer's or distributor's requirements for obtaining dealership (if applicable);
 - h. List of suppliers, subcontractors, and associates;
 - i. List of any proposed subtenants.

Financial Capability

As evidence of the applicant's financial capability, the prospective operator shall provide to the Chairman a statement from a bank or similar financial institution or from such other source as may be acceptable to the Chairman and readily verified through normal banking channels. The prospective operator must also demonstrate the financial capability to initiate the contemplated activities, construct the proposed improvements, and provide working capital sufficient for a stable business environment. The demonstration of financial capabilities shall also include cash flow and profit/loss calculations for the first five (5) years of the operation, a three-year historical profit/loss statement (if applicable), and a current balance sheet.

Experience

The prospective operator shall furnish the Chairman a statement of its past experience in providing the specified commercial aeronautical service(s) for which the application is being made, including the resumes of management individuals who will be directly responsible for the proposed operation, plus their respective business, financial and managerial references. This information must be presented in a form acceptable to the Chairman.

Bonding and Insuring

The prospective operator shall provide evidence in a form acceptable to the Chairman, of its ability to supply:

1. A performance bond in an amount equal to one hundred (100) percent of one year's rent and/or fees established and agreed to for conducting the activities and entering into the agreement sought. Cash may be used in-lieu of a performance bond;
2. A performance bond in the amount equal to the cost of constructing the proposed improvements, in a form acceptable to the Chairman;
3. Proof of all required insurance coverages as specified and applicable to the Airport and the Authority.

Grounds for Denial of Application

The Chairman or the Authority may deny any commercial application for any one or more of the following reasons:

1. The applicant's proposed activities, operation, and/or construction of improvements would create a safety hazard at the Airport and/or surrounding community;
2. The applicant's proposed activities, operation, and/or construction of improvements would create a violation of Airport, FAA, TSA, Federal, State, or local laws, ordinances, regulations, or rules;
3. The applicant for any reason does not fully meet the qualifications, standards, and requirements of the Airport. The burden of proof shall be on the prospective operator, and the standard of proof shall be by clear convincing evidence;
4. The granting of the application will require the Airport to expend funds, or supply labor or materials, in connection with the proposed activities and/or construction that the Airport is unwilling or unable to spend, or the proposed activities and/or construction will result in a financial loss (or hardship or liability) to the Airport;
5. No appropriate, adequate, or available space or improvements 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;
6. The proposed operation, development, and/or construction does not comply with the Airport's Master Plan (and/or ALP) in effect at that time, or anticipated to be in effect within the time frame proposed by the applicant;
7. The development or use of the area requested by the applicant will result in congestion of aircraft, buildings, or common use ramps and taxiways, or will unduly interfere with the operations or activities of any present operator on the Airport and/or prevent adequate access to the assigned lease area of any present lease and/or operator;
8. The applicant has either intentionally or unintentionally misrepresented or omitted material facts in the application or in supporting documents;
9. The applicant or any of its officers, directors, agents, representatives, shareholders, or employees has a record of violating the rules, regulations,

- statutes, ordinances, laws, or orders of any other airport, civil air regulations, FAA regulations, or any other rules, regulations, statutes, ordinances, laws, or orders relevant and/or applicable to the Airport;
10. The applicant or any of its officers, directors, agents, representatives, shareholders, or employees has defaulted in the performance of any other agreement;
 11. The applicant or any of its officers, directors, agents, representatives, shareholders, or employees has been convicted of any felony or of a misdemeanor involving moral turpitude;
 12. On the basis of current financial information, the applicant does not, in the sole discretion of the Chairman, exhibit adequate financial responsibility or capability or capacity to undertake the proposed activities, operation, and/or construction;
 13. The applicant cannot or will not provide a performance bond and/or adequate applicable insurance in the amounts and types required for the proposed activities, operation, and/or construction;
 14. The applicant's proposed activities, operation, and/or construction could be detrimental to the Airport or not in the best interests of the Airport, as determined by the sole discretion of the Chairman or the Authority.

ATTACHMENT C
H. L. “Sonny” Callahan Airport
Minimum Insurance Requirements
For Commercial Aeronautical Activities

Fixed Base Operator (FBO)

Aircraft Liability - \$5,000,000 per occurrence combined single limit for bodily injury and property damage including passengers

Comprehensive Public Liability and Property Damage (Premises)- \$5,000,000 per occurrence of combined single limit bodily injury and property damage

Hangar-keeper's Liability- \$1,000,000 per occurrence

Products & Completed Operations Liability- \$5,000,000 per occurrence

Environmental Liability- \$1,000,000

Airframe & Power Plant Repair

Premises Liability (hangar operation) - \$1,000,000 per occurrence combined single limit for bodily injury and property damage

Products & Completed Operations Liability for Repairs & Services and Parts not Installed - \$1,000,000 per occurrence

Hangarkeepers Liability –\$600,000 per occurrence

Motor Vehicle Liability –If using vehicles on the air operations area in support of business, \$600,000 per occurrence combined single limit for bodily injury and property damage

Avionics, Instrument & Propeller Repair

Premises Liability - \$1,000,000 per occurrence of combined single limit for bodily injury and property damage

Products & Completed Operations Liability for Repairs & Services and Parts not Installed - \$1,000,000 per occurrence

Hangarkeepers Liability –\$600,000 per occurrence

Motor Vehicle Liability- if using vehicles on the air operations area in support of business, \$600,000 per occurrence combined single limit for bodily injury and property damage

Air Charter

Aircraft Liability Per Occurrence-combined single limit for bodily injury and property damage with respect only to passenger bodily injury, a minimum of \$100,000 each person, based on passenger seating capacity as

| follows: <u>Seating Capacity</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 1-4 passengers | \$2,000,000 |
| 5-9 passengers | \$5,000,000 |
| 10 & over | \$15,000,000 |

Premises Liability - \$1,000,000 per occurrence of combined single limit for bodily injury and property damage

Motor Vehicle Liability-If using vehicles on the air operations area in support of business, \$600,000 per occurrence combined single limit for bodily injury and property damage

Air Cargo

Aircraft Liability- \$5,000,000 per occurrence combined single limit for bodily injury and property damage including passengers

Premises Liability - \$1,000,000 per occurrence of combined single limit for bodily injury and property damage

Motor Vehicle Liability-If using vehicles on the air operations area in support of business, \$600,000 per occurrence combined single limit for bodily injury and property damage

Aircraft Rental

Aircraft Liability - \$1,000,000 per occurrence combined single limit for bodily injury (including passengers) and property damage. With respect only to passenger bodily injury a minimum sublimit of \$100,000 per passenger will be permitted.

Premises Liability - \$1,000,000 per occurrence of combined single limit for bodily injury and property damage

Motor Vehicle Liability-If using vehicles on the air operations area in support of business, \$600,000 per occurrence combined single limit for bodily injury and property damage

Aircraft Sales

Aircraft Liability - \$2,000,000 per occurrence combined single limit for bodily injury and property damage with respect only to passenger bodily injury, a minimum of \$100,000 each person

Premises Liability- \$1,000,000 per occurrence of combined single limit for bodily injury and property damage

Products & Completed Operations Liability for Sale of Aircraft- \$1,000,000 per occurrence

Motor Vehicle Liability-If using vehicles on the air operations area in support of business, \$600,000 per occurrence combined single limit for bodily injury and property damage

Flight Training

Aircraft Liability- \$1,000,000 per occurrence combined single limit for bodily injury (including passengers) and property damage. With respect only to passenger bodily injury a minimum sublimit of \$100,000 per passenger will be permitted.

Premises Liability - \$1,000,000 per occurrence of combined single limit for bodily injury and property damage

Motor Vehicle Liability-If using vehicles on the air operations area in support of business, \$600,000 per occurrence combined single limit for bodily injury and property damage

Commercial Flying Club

Aircraft Liability - \$1,000,000 per occurrence combined single limit for bodily injury (including passengers) and property damage. With respect only to passenger bodily injury a minimum sublimit of \$100,000 per passenger will be permitted.

Premises Liability - \$1,000,000 per occurrence combined single limit for bodily injury and property damage

Motor Vehicle Liability- If using vehicles on the air operations area in support of business, \$600,000 per occurrence combined single limit for bodily injury and property damage

Multiple Commercial Activities

Operator shall provide certificates of insurance coverage in an amount equal to the highest individual insurance requirement stipulated for the specific commercial aeronautical services being performed as stated above.