



# **University of Illinois – Willard Airport Leasing Policy**

Adopted: March 29, 2024

**UNIVERSITY OF ILLINOIS – WILLARD AIRPORT  
LEASING POLICY**

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## 1.0 INTRODUCTION

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### 1.1 Authority

The University of Illinois–Willard Airport (Airport) was dedicated in 1945. The University of Illinois (University) has continued to operate the Airport as the FAR Part 139 Airport Sponsor. Accordingly, the University has authority to establish this Leasing Policy as an ordinance (in accordance with 110 ILCS 400). In addition, the University has police power and jurisdiction and control of the Airport and all its associated facilities (in accordance with 110 ILCS 400, et seq).

This Leasing Policy cancels and supersedes all previous leasing policies governing use of the Airport.

### 1.2 Purpose

The Federal Aviation Administration (FAA), by way of its Airport Assurances, requires any airport developed with Federal grant assistance to operate for the use and benefit of the public and for the airport to be made available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination. In addition, these Airport Assurances require an Airport Sponsor to maintain a fee and rental structure for the facilities and services at the Airport which will make the airport as self-sustaining as possible under the circumstances existing at the Airport and to avoid unjust economic discrimination within classes of users, considering such factors as the volume of traffic and economy of collection.

Currently, there are thirty-nine Airport Assurances that airports must comply with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants<sup>1</sup>. However, specifically to this Leasing Policy, the applicable Airport Assurances are as follows:

- (a) #5 – Preserving Rights and Powers
- (b) #6 – Consistency with Local Plans
- (c) #21 – Compatible Land Use
- (d) #22 – Economic Nondiscrimination
- (e) #23 – Exclusive Rights
- (f) #24 – Fee and Rental Structure
- (g) #25 – Airport Revenues
- (h) #29 – Airport Layout Plan

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<sup>1</sup> [https://www.faa.gov/sites/aa.gov/files/airports/new\\_england/airport\\_compliance/assurances-airport-sponsors-2022-05.pdf](https://www.faa.gov/sites/aa.gov/files/airports/new_england/airport_compliance/assurances-airport-sponsors-2022-05.pdf)

### **1.3 Policy**

It is the policy of the Airport to lease property based on the following principles:

- (a) Preserve the University's financial investment in the Airport; and
- (b) Facilitate the orderly management of the Airport; and
- (c) Ensure consistent quality of facilities; and
- (d) Provide equitable and uniform treatment of all authorized Lessees; and
- (e) Ensure compliance with applicable laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application and acceptance of Federal Funds; and
- (f) Enable conformity with FAA accepted Airport Layout Plan (ALP); and
- (g) Make the Airport available for public use on reasonable terms without undue discrimination; and
- (h) Maintain a fee and rental structure with the goal of the highest and best use of Airport property and financial self-sufficiency for the Airport; and
- (i) Provide facilities and range of services to accommodate the various needs of the flying community while preserving the environment.

The leasing of Airport land and its facilities is regulated and influenced by Local, State, and Federal law including, but not limited to, the policies and rules of the FAA and the Department of Transportation (DOT), formal Policies adopted by Airport, and input from the community.

### **1.4 Applicability**

This Leasing Policy shall apply to all property considered part of the Airport on the FAA approved ALP and Exhibit "A" Property Map. The Leasing Policy is not intended to alter or modify the terms of a lease in effect at the time of initial adoption of this Leasing Policy. However, it is the intention of the Airport, when amending an existing Lease, to incorporate appropriate provisions contained within this Leasing Policy into any such amendment.

### **1.5 Exclusive Right**

The Airport is prohibited by federal law (49 U.S.C. § 40103(e)) and FAA grant assurances from conferring an Exclusive Right to engage in any Aeronautical Activity at the Airport. Therefore, the Airport will not grant any such special privilege or monopoly in the use of Airport property.

Nothing in this Leasing Policy or any lease shall be interpreted or construed to grant an Exclusive Right in violation of this statutory and contractual obligation.

## 1.6 Variance and Exemption

The University may approve variances to this Leasing Policy when a specific clause, section or provision does not seem justified in a particular case because of special conditions or unique circumstances.

Any variance or exemption approved by the University will apply only to the special conditions or unique circumstances of the particular case under which the variance or exemption is granted and will not serve to amend, modify, or alter this Leasing Policy.

## 1.7 Airport Management

The Executive Director is responsible for the operation, management, maintenance, and security of the Airport and all University-owned and operated Airport land, improvements, facilities, vehicles, and equipment.

The University has authorized and directed the Executive Director to:

Interpret, administer, and enforce agreements and this Leasing Policy, and obtain and receive copies of all leases, licenses, permits, certifications, ratings, certificates of insurance, and other documents required to be provided to or filed with the Airport or University.

While the Executive Director has the authority to manage the Airport, the ultimate authority to grant the occupancy and use of the Airport real estate or permits allowing for the conduct of commercial Aeronautical Activities, and to approve, amend, or supplement all leases, licenses, and permits is expressly reserved for the University.

All official inquiries regarding this Leasing Policy and/or compliance therewith should be directed to the Executive Director.

## 2.0 DEFINITIONS

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### **Advisory Board**

The Advisory Board was established in 2023 to advise the development of a program relative to the administration and management of the Airport and to advise the Executive Director with regard to such other programs relative to the Airport as he may undertake.

### **Aeronautical Activity**

Any activity or service that involves, makes possible, facilitates, is related to, assists in, or is required for the operation of aircraft or another aeronautical activity, or which contributes to or is required for the safety of such operations. Aeronautical Activities include, but are not limited to:

Sale of aviation fuel and lubricants; passenger, crew, and aircraft ground services, support, and amenities; tiedown, hangar, aircraft parking, office, and shop rental/subleasing; aircraft maintenance; avionics or instrument maintenance; aircraft rental; flight training; aircraft charter; aircraft management; aircraft sales; sightseeing;

aerial photography; aerial spraying and agricultural aviation services; aerial advertising; aerial surveying; and any other activities which, in the judgment of the University, because of their direct relationship to the operation of aircraft or the Airport, can appropriately be regarded as an aeronautical activity.

### **Air Operations Area**

The Air Operations Area shall be all areas of the Airport within the perimeter fencing exclusively reserved for the operation, placement, movement and storage of Aircraft and all areas adjacent thereto as defined by FAA regulations and/or the Executive Director. This area does not include the Secured Area.

### **Airport**

The University of Illinois-Willard Airport and all land and improvements owned and/or under the care, custody and control of the University and located within the geographical boundaries of the Willard Airport, Champaign County, Illinois as shown on the Airport's Exhibit "A" property map.

### **Airport Assurances**

Assurances that airport owners/operators must comply with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.

### **Airport Land Use Plan**

Land use planning and management is an effective means to ensure that the activities nearby airports are compatible with aviation. Its main goal is to minimize the population affected by aircraft noise by introducing land use zoning around airports.

### **Airport Layout Plan**

The currently approved scale drawing depicting the boundaries and physical layout of the Airport and identifying the location, type, dimensions (including height) and configuration of existing and proposed infrastructure and Improvements, including but not limited to, runways, taxiways, aprons, buildings, roadways, utilities, and nav aids, as well as all proposed extensions and reductions of existing Airport facilities. The ALP reflects an agreement with the FAA regarding the proposed allocation of Airport land and/or improvements to specific uses and/or development.

### **Airport Leasing Policy**

This "Leasing Policy," established and amended from time to time by the Airport, governs the leasing of Airport property to ensure the safe, orderly, fair, and efficient use of the Airport.

### **Airport Master Plan**

The current Airport Master Plan report is an assembly of appropriate documents and drawings covering the development of the Airport from a physical, economic, social, and political jurisdictional perspective and adopted by the University and any amendments, modifications, revisions, or substitutions thereof. The ALP is a part of the Airport Master Plan.

### **Airport Traffic Control Tower (ATCT)**

The facility operated by the FAA for air/ground communications, which provides airport traffic control services to Aircraft and Vehicle operations at the Airport.

**Airport Sponsor**

Once receiving federal grants, the entity operating the airport can be referred to as the Airport Sponsor.

**Commencement Date**

The date when a Lease or License has been executed by the Lessee and the Airport and establishes the beginning of the Term for a Lease or License.

**Commercial Lending Institution**

Any bank, mortgage banking company, trust company, savings bank, savings and loan association, credit union, national banking association, federal savings and loan association or federal credit union authorized to conduct business in the state of Illinois.

**Days**

Any reference to days shall mean calendar days.

**DOT**

United States Department of Transportation.

**Exclusive Right**

A power, privilege, or other rights excluding or preventing another from enjoying or exercising a like power, privilege, or right. An exclusive right may be conferred either by express agreement, by imposition of unreasonable standards or requirements, or by any other means. Such a right conferred on one or more entities but excluding others from enjoying or exercising a similar right or rights, would be an exclusive right.

**Entity**

Includes a person; persons; firm; partnership; limited liability partnership or corporation; agency; unincorporated proprietorship, association, or group; or corporation other than the Airport, and includes any trustee, receiver, assignee, or other similar representatives.

**Executive Director**

The Director of the Airport or any other employee of the University may from time to time designate in writing to carry out the duties of Airport Management.

**FAA**

United States Federal Aviation Administration.

**Facility**

All Airport approved, building(s), related site improvements, and other improvements, financed and constructed by Lessee on Airport property including without limitation, structures, buildings, facilities, hangars, aircraft taxiways, aircraft taxiway markings, aircraft taxiway lighting, aircraft aprons and tie-downs, ramps, fencing, access control, lighting, automobile parking, and all utility infrastructure and connections, all as may be applicable, and as may be required.

**Fair Market Rent**

The most probable rent that land or property should bring in a competitive and open market reflecting all conditions and restrictions of the Lease or License, including permitted uses, use



restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.

**FAA Section 163**

A provision of the FAA Reauthorization Act of 2018 that limits the FAA authority to regulate on-airport land use to only development that affects the airfield and aircraft operations or implicates federal funding. The FAA has updated its approach to determine the ALP approval authority when new development is proposed by an Airport Sponsor. These changes necessitate changes in how the FAA has historically administered oversight of airports.

**Lease or License**

A contract by which one party conveys land, property, services, etc. to another for a specified time, usually in return for a periodic payment. Lease and License shall be considered one and the same terms within this Leasing Policy.

**Lessee**

One that holds real or personal property under a lease or License, also known as a Tenant.

**Minimum Standards**

Those qualifications, standards, and criteria set forth as the minimum requirements to be met as a condition for the right to engage in aeronautical activities at the Airport.

**Passenger Facility Charge**

A fee that almost all airline travelers in the United States pay in their ticket price. The fee goes toward the upkeep and maintenance of airports and is set up and capped according to US federal law. Airports must use the money from the fees to pay for projects approved by the Federal Aviation Administration that, according to the Federal Aviation Administration, "enhance safety, security, or capacity; reduce noise; or increase air carrier competition."

**Rules and Regulations**

The Airport Rules and Regulations, as may be amended from time to time, or any successor law, ordinance, rule, or regulation adopted by the University.

**Security Program**

The University maintains a TSA-approved Airport security program. The Airport security program contains restricted information subject to the provisions of the Code of Federal Regulations (CFR) 1520, 1540, 1544, and 1546. Compliance with the Airport security program is required by 49 CFR 1542.101(a).

**Term**

A period of time in which a Lease or License is in force.

**TSA**

Transportation Security Administration.

**University**

The University of Illinois.

### **3.0 DESIGNATION OF AIRPORT PROPERTY AVAILABLE**

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#### **3.1 Land Uses**

The Airport reserves the right to plan and develop the Airport in the best interest of the University, Airport, tenants, and Airport users.

Airport Master Plans and ALPs have been developed for the Airport and are periodically updated. These plans, which are reviewed and approved by the FAA, University and Airport following public review and input, provide guidance to Airport staff and the University in land use leasing decisions. Airport lease or license documents specify permitted uses of Airport property and any land use restrictions which may apply.

#### **3.2. Amendments to Airport Layout Plan**

The Airport shall lease property for uses consistent with the then-current ALP, Airport Master Plan, and any Airport Land Use Plan, or similar planning document. If a proposed use requires an amendment to the ALP, the ALP amendment must be approved by the FAA before the lease or license can be executed.

The Airport may change the land use designations from time to time and depict any such re-designations on the ALP, Airport Land Use Plan, or similar planning document.

### **4.0 REQUEST TO ENTER INTO LEASE OR LICENSE**

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#### **4.1 Statement of Interest**

Any Entity desiring to enter into a Lease or License, regardless of desired term, with the Airport for permission to occupy Airport property shall submit a written Statement of Interest to Lease Airport Property (Statement of Interest).

Statement of Interest materials shall consist of all information specified in this Leasing Policy, the Minimum Standards, Rules and Regulations, if applicable, and all documentation deemed necessary by the Airport for a full and complete analysis of the Entity's qualifications and the benefit which will accrue to the aviation public from the Entity's proposed use of Airport property.

The Airport, in its sole discretion, shall determine whether the Entity meets this Leasing Policy, Minimum Standards, Rules and Regulations, and qualifications as herein set out and whether such Entity should be granted a Lease or License in whole or in part, and if so, upon what terms and conditions.

Each Entity shall be solely responsible for satisfactorily providing the Airport with their respective technical ability and financial responsibility, including the capability to meet the insurance requirements as stated herein.

#### **4.2 First-Come-First Served Basis**

The Airport may lease property on a first-come-first-served basis, based on an expression of interest from an Entity.

#### **4.3 Competitive Selection**

Under certain circumstances, including when there are multiple parties interested in leasing a specific parcel or Facility and/or there are few remaining parcels or Facilities available for a specific use, the Airport may decide not to negotiate on a first-come-first-served basis and instead initiate a procurement action and competitive selection.

#### **4.4 Waiting List**

The Airport reserves the right to establish a waiting list for Facilities owned and operated by the Airport, such as hangars and tie-down spaces. Upon the vacancy of any such property or Facility, the Airport shall extend the opportunity to the first entity listed on the waiting list.

#### **4.5 Evaluation Committee**

The Airport may establish a standing or ad hoc committee to evaluate applications, requests, proposals, and bids to lease Airport parcels and Facilities. Evaluation criteria shall include, without limitation: experience, financial stability, performance, reputation, amount of investment, and proposed amortization period.

#### **4.6 Airport Property Available**

The Airport will lease only as much property as is necessary to enable an Entity to accommodate demonstrated and reasonable future needs, in addition to any other contiguous Airport property that would be rendered commercially unmarketable by virtue of its size, access, configuration or other conditions.

### **5.0 AIRPORT RIGHT TO DENY A REQUEST**

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In its sole opinion, the Airport reserves the right to deny a request to lease a parcel or Facility if any one or more of the following are found:

- (a) The Entity's proposed use of Airport property or construction of the Facility will create a safety hazard.
- (b) The granting of the Statement of Interest will require the Airport to spend funds, supply labor or materials in connection with the proposed activity, or the activity is expected to result in an economic loss to the Airport.
- (c) Inappropriate, inadequate, or insufficient space exists to accommodate the entire activity of the Entity at the time of submission of a Statement of Interest.

- (d) The intended use necessitates an investment by the Airport in infrastructure or other Airport improvements that the Airport has not or does not desire to expend.
- (e) The intended use includes an Aeronautical Activity where the Airport has reserved for itself the proprietary exclusive right to conduct such Aeronautical Activity.
- (f) The development or construction necessary to accommodate the proposed Aeronautical Activity does not comply with the FAA approved ALP.
- (g) The construction timetable of the proposed Facility does not meet the requirements set forth in this Leasing Policy and is therefore extensive, and disadvantageous for the continuity of operations.
- (h) The Entity does not meet the requirements of this Leasing Policy.
- (i) The Entity has either intentionally or unintentionally misrepresented or omitted pertinent information in the Statement of Interest or supporting documents.
- (j) The Entity has a record of violating the Airport's Rules and Regulations or of other airports; FAA regulations; or any other federal, State, or local statutes, laws, rules, or regulations.
- (k) The Entity has defaulted on the performance of any lease or any other agreement with the Airport or other airports.
- (l) The Entity does not, in the opinion of the Airport, exhibit adequate monetary responsibility to undertake the project based upon financial information provided.
- (m) The Entity cannot provide acceptable surety or insurance in the amounts required by the Airport.
- (n) The proposed activity or development is not in the best interest of the Airport, the University, the environment, or the public.

## **6.0 TERMS AND CONDITIONS OF LEASE OR LICENSE**

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### **6.1 Universal Terms and Conditions of the Lease or License**

- (a) The Airport will confer the right of possession of unimproved parcels and improved Airport Facilities by means of a lease, license, or other written instrument. The lease or license may be in addition to other agreements, permits and approvals required by the Airport.
- (b) All leases or licenses shall be for a definite period of time, shall be in writing, and shall not be effective unless and until approved by the Executive Director and signed by the University Comptroller or authorized Comptroller Delegate.

- (c) Each lease or license shall be subordinate to the terms, conditions, and assurances of FAA grant agreements; assurances required in connection with the Airport's imposition, collection, and use of Passenger Facility Charges; and any ordinances, indentures and covenants executed in connection with the University or Airport's issuance of Airport related debt instruments.
- (d) The Airport, with the approval of University Counsel, may develop one or more standard form leases or licenses that may be presented to prospective tenants for execution. The Airport may further develop additional standard forms, to include without limitation sublicenses, subleases, and assignments. The Airport reserves the right to update or revise its standard forms at any time.

## **6.2 General Terms and Conditions of the Lease or License**

Each lease or license shall address, without limitation, the following items:

- (a) Each lease or license shall prescribe permitted and prohibited use of the parcel or Facility. In no event shall parcels and Facilities designated for aeronautical use be used for non-aeronautical purposes without the expressed written consent by the Executive Director.
- (b) Each lease or license of vacant land shall obligate the tenant to construct improvements within one year or such other time as may be fixed by the Airport in extraordinary circumstances. Such commitment shall be backed by an irrevocable letter of credit in the amount of ten percent (10%) of the commitment and shall be forfeited to the Airport if such investment is not made or contracted for within the year.
- (c) No improvements to the parcel or Facility shall be made without prior advance written approval by the Executive Director.
- (d) Each lease or license shall provide for relocation of tenant if necessary for the safe and efficient operation of the Airport or the planned improvement of the Airport in accordance with the ALP.
- (e) Each Lease or license shall contain those FAA required lease provisions regarding subordination, emergency leasing to the United States, the right of flight or noise, and non-discrimination, among other mandatory provisions.
- (f) Each lease or license shall require the Airport's consent for any assignment or sublease.
- (g) Each lease or license shall require compliance with the Airport's Rules and Regulations, and Minimum Standards and any amendments thereto.
- (h) Each lease or license further shall address, without limitation: construction and development, financial security (e.g., security deposits, payment, and performance bonds, etc.), maintenance and repair, insurance, indemnification, access and inspection by the Airport, compliance with law, safety, security, environmental indemnification, and provisions necessary for compliance with FAA grant agreements.

- (i) If applicable, income from a Lessee’s operations must be fully accounted for, and adequate records must be kept to evidence amounts due to the Airport for the various rentals, fees, and charges applicable to the Lessee’s operations. The Airport shall be entitled to have access to such records upon request.
- (j) To ensure proper maintenance of the parcel or Facility during the term, Airport shall require periodic condition assessments and establish performance standards for the condition of the parcel or Facility upon expiration or termination of the lease or license.
- (k) Each lease or license shall require Lessees to acquire, (in amounts determined by the Airport), the following insurance as applicable to the Aeronautical Activities provided and Facilities or land leased: Hangar Keepers Liability, Builder’s Risk, Automobile, Pollution Liability, Workers Compensation, and General Liability Insurance.

Lease or License language, terms, definitions, and provisions are updated from time to time to reflect changes in FAA regulations and real estate law as well as to meet changing economic conditions and other risks associated with land ownership.

## **7.0 TERM**

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### **7.1 Subject to Federal Law**

Term is subject to compliance with federal statutory obligations, FAA rules and regulations, including without limitation FAA Section 163 of the FAA Reauthorization Act of 2018; FAA grant agreements; and FAA policy and guidance and will be subject to FAA approval/concurrence.

### **7.2 Maximum Term**

The Airport will not grant a Term greater than 30 years, except under extraordinary circumstances, and only then with FAA review and concurrence.

The Airport’s 30-year Term limitation is consistent with guidance provided in FAA Airport Compliance Manual (FAA Order 5190.6B<sup>2</sup>) as well as current best industry practices for issuing ground leases or licenses provided in the Airport Cooperative Research Program’s Report 47-Guidebook for Developing and Leasing Airport Property (ACRP Report 47<sup>3</sup>). FAA Order 5190.6B states that “most tenant ground leases of 30 to 35 years are sufficient to retire a tenant’s initial financing and provide a reasonable return for the tenant’s development of major facilities.” In addition, ACRP Report 47, notes that “Land leases are routinely set a 20- to 30- year terms.” Notwithstanding the above, the term length is subject to federal law and FAA rules and regulations and will be subject to FAA approval/concurrence.

### **7.3 Term – Nominal Capital Investment**

In no event shall the Airport grant a term of greater than five (5) years for a lease or license of an existing Facility requiring no more than a nominal capital investment on the part of the Lessee,

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<sup>2</sup> [https://www.faa.gov/documentLibrary/media/Order\\_5190.6B\\_Compliance\\_Chang3.pdf](https://www.faa.gov/documentLibrary/media/Order_5190.6B_Compliance_Chang3.pdf)

<sup>3</sup> <https://doi.org/10.17226/14468>

whereby “nominal” applies to all portable or temporary type construction or improvements of an amount which requires five (5) years or less to amortize said investment.

#### **7.4 Term – Lessee Finance and Construct or Substantially Rehabilitate a Facility**

For purposes of determining the length of Term for the lease or license of Airport property whereby the Lessee will, if applicable, finance and substantially rehabilitate or construct a new Facility, the Airport will determine the length of Term for such a Lease or License based on a number of factors including, but not limited to:

- (a) The designation of the Facility on an ALP.
- (b) The Entity’s proposed use of the Facility and Airport property including a layout plan for rehabilitation purposes or in the case of new construction a site plan depicting the nature and location of the Facility.
- (c) The Entity’s estimated cost for substantial rehabilitation or constructing a new Facility.
- (d) A construction schedule demonstrating that the Facility shall be rehabilitated/constructed and a Certificate of Occupancy, or other equivalent instrument or certificate, issued by an appropriate building official(s), will be obtained by Entity within one (1) year of the Commencement Date of a Lease or License.
- (e) A letter of commitment from a Commercial Lending Institution committing to financing the Facility including the amount to be borrowed, the term, and interest rate. Should the Entity propose to self-fund a Facility, it shall submit to the Airport demonstrated capability to self-fund improvements to the satisfaction of the Airport.
- (f) A financial pro-forma delineating line-item detailed annual operating revenues and expenses, during the requested Term of the Lease or License.
- (g) A full amortization schedule of the cost of substantially rehabilitating or constructing a new Facility as determined in accordance with Generally Accepted Accounting Principles verified by a Certified Public Accountant authorized to conduct business in the state of Illinois. The cost of rehabilitating or constructing a Facility and minimum life of the asset is expected to exceed the amortization period and shall be independently verified by the Lessee through a licensed architect, professional engineer, or building manufacturer. Each Lessee shall provide written evidence of such verification.
- (h) Whether the Entity’s proposed use of Airport property is in the best interest of the Airport, the University, the environment, and the users of the Airport.

### **8.0 RENTAL, RATES, FEES, AND CHARGES**

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#### **8.1 Financially Self-Sufficient**

The Airport has an obligation through FAA grant assurances to make the Airport as self-sufficient as possible under the circumstances existing at the Airport at any given point in time. Toward this

end, the Airport, through its Leases or Licenses, and by other means available to it, shall endeavor to recover the cost of providing its facilities, through rentals, fees, or other charges. All Leases or Licenses shall provide for adequate consideration to be received by the Airport in compensation for the rights and privileges therein granted. It shall be the policy of the Airport to seek terms and conditions that, while fair and nondiscriminatory, provide the most advantageous returns to the Airport.

## **8.2 No Unjustifiably Discriminatory Rates**

Each Lessee shall be subject to rates, fees, rentals, and other charges (e.g., fuel flowage fees, hangar rentals, percentages of gross volume of business, etc.) as may be currently applicable to, or being received from others making the same or similar uses of the Airport, utilizing the same or similar facilities. Nevertheless, in respect to a contractual commitment from any Lessee, the Airport may charge different rates to similar users if such rates are nondiscriminatory in purpose. Differences in values of properties involved, and the extent of use made of common use facilities may be factors to be considered. Seldom will each Lessee have properties of the same value nor will their use and impact upon common facilities be the same. If one Lessee is in what is considered a prime location, and another is in a less advantageous area, there could logically be a differential in the fees and charges, to reflect this advantage of location. This factor might also influence the rental value of Airport property. If one Lessee rents office or hangar space and another builds its own facilities, this would provide justification for different rental and fee structures; these two Lessees would not be considered essentially similar as to rates and charges even though they offer the same services to the public.

## **8.3 Competition May Determine Applicable Rates/Fees**

In situations where Leases or Licenses are awarded as the result of competition, said Leases or Licenses shall be subject to the financial terms and conditions proposed by Entities in response to the competitive process and deemed most advantageous to the Airport. Leases or Licenses obtained through the process of competitive negotiation and bidding may offer returns to the Airport that are higher than those being received from existing Lessees at a given point in time.

## **8.4 Fair Market Rent**

During the Term of a Lease or License, the Lessee shall pay the Airport Fair Market Rent for applicable land and the Facility. Where a Lessee has constructed a Facility, Lessee shall pay Fair Market Rent for land only during the initial Term of its Lease or License. For any Term extension granted for a Lease, the Lessee shall pay Fair Market Rent for land and the Facility.

The Airport intends that all land within a defined zone shall have the same land rent and that the adjustment of such rents shall occur simultaneously. The Airport shall strive to implement this goal, including by amending existing leases or licenses where permissible.

## **8.5 Establishment of Initial Fair Market – Appraisals**

The Airport shall initially appraise the Facility in order to determine the Fair Market Rent of the Facility.



Appraisals conducted on behalf of the Airport shall be at the Airport's expense and appointed by the Airport.

Lessee shall have the right to object to the conclusion of any Airport conducted appraisal, but must notify the Airport, in writing, within ten (10) days of receipt by Lessee of the result of any Airport conducted appraisal. The Lessee shall therefore cause a second appraisal, at Lessee's expense, to be conducted on behalf of Lessee. The conclusion of this second Lessee appraisal shall be completed and submitted to Airport no later than sixty (60) days following such ten (10) days' notice to Airport.

Any dispute between the Airport and Lessee continuing after receipt of the Lessee conducted appraisal, shall be resolved by a third appraisal to be conducted by an appraiser appointed by both prior appraisers (whose fee shall be split equally between Airport and Lessee). Such third appraiser shall not be given the results of either the Airport or the Lessee's prior appraisals. The Fair Market Rent of the Facility shall therefore be the average of the appraisal of such three (3) appraisers unless the appraisal of any one appraiser is more than or less than the average of the appraisals of the remaining two (2) appraisers by more than ten percent (10%). In which event such appraisal shall be discarded, and such Fair Market Rent instead shall be deemed to be the average of the appraised value determination of the remaining two (2) appraisers.

Neither the Lessee nor the Airport is required to share the completed appraisal full report conducted by any appraiser, but must provide a summary of its conclusions, prepared by the appraiser, recording the results of their appraisal.

All appraisers shall be independent, duly licensed and qualified with appropriate experience and ability in appraising similar aviation land and/or facilities.

## **8.6 Annual Escalations of Rates, Fees, and Charges**

Providing annual adjustments to rental rates, user fees, and various other charges enables the Airport to remain as self-sustaining as possible under the circumstances existing at any given point in time.

All rental rates, user fees, and various other charges shall be adjusted upward annually by a fixed rate of three (3) percent.

This Section 8.6 does not apply to the commercial terminal lease or license as rates and charges within the commercial terminal are established on a cost recovery basis.

## **8.7 "Incentive" Periods Disfavored**

At the sole discretion of the Airport, and if Lessee is offering services not previously available to the public at the Airport, the Airport may choose to offer reduced rental rates or other inducements to obtain a Lessee, recognizing that it may well be a non-profit venture during its incentive period. In such circumstances, the "incentive rate" shall be offered only during a specific "incentive" period and shall be defined so as to end on a specified date. Future Lessees following the incentive period will be expected to pay the comparable standard rates and charges based on then-current values, rates, and charges, and the Airport shall not be obligated to offer

subsequent Lessees an incentive period, nor shall it generally be appropriate to offer an established Lessee the benefit of an additional period of reduced rates or other financial inducements, beyond the Lessee's initial incentive period.

## **9.0 EXTENSION AND REVERSION**

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### **9.1 Extension**

Prior to the expiration of each lease or license, the tenant may request extension or renewal. Generally, the Airport will not consider requests to extend or renew leases or licenses more than one year prior to lease or license expiration. Exceptions include, without limitation, (i) assignment of a lease or license where the assignee requests an extension, and (ii) specific plans by a tenant to make a significant capital investment in the parcel or facility.

Upon receipt of any request to renew or extend a lease or license, the Airport will consider whether the parcel has been re-designated for a different use on the ALP or Airport Master Plan, whether other entities have demonstrated an interest in leasing the same parcel or Facility, the tenant's compliance with the terms and conditions of the lease or license, any planned capital improvements or other changes to be made by the tenant during the renewal or extension, and other factors as the Airport may consider relevant. In the absence of a demonstrated reason to deny the request, the Airport may grant the renewal or extension, subject to rents, fees and charges as determined by the Airport.

At the expiration of each lease or license, the Airport reserves the option of receiving ownership of all leasehold improvements constructed on the property during the term of the lease or license.

If, based on the foregoing, an extension or renewal is not to be offered to an existing tenant, and more than one party seeks the parcel or facility, the Airport shall initiate a procurement action and competitive selection to identify the new tenant.

### **9.2 Reversion**

Upon termination of a Lease or license whereby improvements to Airport property were made by the Lessee, the Lessee shall agree that on the last day of the Term, the Facility shall automatically, without the necessity of any further action on the part of Airport or Lessee, become the property of the Airport. The Lessee will hereby assign, transfer, and convey the Facility to the Airport as of the last day of the Term, or if sooner, upon the termination of Lease or License, free and clear of all liens, encumbrances, and equities of third parties claiming by, through or under Lessee. The Lessee shall further evidence the Airport's ownership of the Facility by delivering to the Airport on the last day of the Term, or if sooner, upon the termination of this Lease or License, a bill of sale for the Facility in form and substance reasonably satisfactory to the Airport. Under no circumstances shall a Lessee be compensated for the Facility or entitled to any payment by reason of the value of its business or franchise.

## **10.0 LEASE/LICENSE – NEW FACILITY DEVELOPMENT ESTIMATED TIMELINE MILESTONES**

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It is important that the Airport establish clear and concise expectations when constructing a new facility so that each entity may be informed as to the University and Airport administrative process required. Coupled with associated timelines of the FAA and other various agencies, estimated to progress from project conception to completion. The milestones and associated lead times shown below are approximate and may vary depending on the size and complexity of the proposed development.

**(a) Minimum 180 Days in Advance**

1. Consultation with Airport to confirm site selection for future development.
2. Verify conformance with ALP and Airport Master Plan.
3. Appraisal of land or Facility conducted by the Airport.

**(b) Minimum 90 Days in Advance**

1. Initiation of negotiation of terms of lease or license.
2. FAA Section 163 Application and Environmental review.
3. One hundred (100) percent sealed plan set with Architect accessibility statement.
4. Phasing Plan required to display any impact to Airport operations.
  - a. A University review period of 30 days is required to review impacts to University owned assets including utilities and information technology infrastructure.
  - b. Completion and delivery of required third party code review.
5. Submission of security requests to Airport Security Coordinator to amend Security Program for project construction. The submission must include dates, times, durations, project limits, and escorting plans to uphold security standards (applicable for construction within the Airport Operations Area).

**(c) Minimum 60 Days in Advance**

1. 7460-1 submittals to FAA for airspace approvals (structures and cranes).

**(d) Minimum 30 Days in Advance**

1. Execution of Lease or License documents.
2. Environmental approval issued by the FAA.

**(e) Issuance of Notice to Proceed**

1. Notice to proceed is required prior to breaking ground or altering facilities.

**(f) During Construction**

1. Coordination with the Airport regarding cranes or impacts on Airport operations.

(g) **Project Completion**

1. Notification to Airport in writing that project is substantially complete.
  - a. University space survey is required to add buildings into University inventory.
  - b. As-Built drawings delivered to the Airport and University.

**11.0 Administrative Appeal and Dispute Resolution**

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**11.1 Administrative Appeal**

This Leasing Policy is not intended to create legal obligations enforceable against the Airport or the University. The Airport reserves the right to waive or vary from the provisions of this Leasing Policy for good cause.

A person directly and substantially affected by an action or decision of the Airport in administering this Leasing Policy may request reconsideration by the Airport. A request for reconsideration must be made within thirty (30) days of the decision, be set forth in writing to the attention of the Executive Director and contain a complete description of the reasons why reconsideration is proper, along with any relevant documentary evidence. The request shall be placed on the agenda of a regular or special Advisory Board meeting not more than sixty (60) days from the date of the request.

**11.2 Dispute Resolution**

A person directly and substantially affected by an action or decision of the Executive Director in administering, interpreting, and enforcing a lease, license, permit, or other agreement providing for the use and possession of Airport property may request reconsideration by the Executive Director, if presented in writing within thirty (30) days of the action or decision. The Executive Director shall provide a written response within sixty (60) days of receipt of a complete request for reconsideration. The Executive Director can determine and/or reconsider with advisement from the Advisory Board. In no event shall administrative appeal hereunder automatically stay or toll any notice, cure or other deadlines provided in or under the lease, license, permit, or other agreement.

It is the Airport's intention that the administrative appeal rights in this Section must be exhausted before a person may seek any state or federal administrative or judicial review of Airport action administering this Leasing Policy. The Airport further intends that venue for any breach of contract or similar or related judicial action under a lease, license, permit, or other agreement providing for the use and possession of Airport property shall be in the Illinois Court of Claims and that any such agreement shall be construed in accordance with the laws of the State of Illinois.