

WINCHESTER REGIONAL AIRPORT TERMINAL LEASING POLICY

INTRODUCTION AND PURPOSE

The Winchester Regional Airport (“Airport”) is owned and operated by the Winchester Regional Airport Authority (the “Authority”) and has the authority to lease space in the new terminal facility estimated to be completed in 2024 (the “Airport Terminal of the Future”). The purpose of this Policy is to ensure the long-term financial success of the Airport Terminal of the Future, ensure a fair process is used by the Authority to select tenants, and to ensure that the Authority is in compliance with applicable law regulating the lease of Authority owned property. This Policy shall apply to all initial leases and renewal leases for office space in the Airport Terminal of the Future.

APPLICABLE LAW

Leasing of office space in the Airport Terminal of the Future will be in accordance with the provisions of the Winchester Regional Airport Authority Act (1987, c. 687).

INITIAL LEASE APPLICATION

Any individual or entity interested in leasing terminal space at the Airport is encouraged to complete a Letter of Intent to Lease (“LOI”) and submit the LOI to the Executive Director. The LOI is available on the airport’s official website (www.flyokv.com). LOIs will be given priority consideration for leases in the new terminal. All applicants will be required to submit the following information prior to entering a lease with the Authority:

- Nature of business, which shall be compatible with and supportive of the business goals and operations of the Airport
- Verification of ability to do business in Virginia
- Current financial statements prepared by a Certified Public Accountant
- Written authorization of the FAA, any aviation or aeronautics commissions, administrators, and departments of all states in which the applicant has engaged in aviation business to release information in their files relating the applicant or its business operations to the Authority
- Copy of insurance liability coverage

- Professional qualifications of key personnel

The Authority reserves the right to independently evaluate the applicant's financial information and in its sole judgement and opinion, determine the applicant's financial ability to provide responsible, safe and adequate services to the public.

All initial leases for terminal space shall be for a minimum term of five (5) years and may be subject to annual rent increases on the anniversary of the Authority's fiscal year (July 1).

LEASE RENTAL TERMS

Bid prices shall account for the following utilities and services being included in the base rent: water, sewer, gas, and general janitorial services in the terminal's public spaces. All other expenses and operating costs (e.g., electric, telephone, and internet) are the responsibility of the tenant. The tenant is responsible for all costs associated with fit-up and interior finishes of the office space. See Attachment 3 for information about the tenant spaces per the base construction contract.

The bid should be annualized. For example, a bid price per square foot of \$30 for a 1000sf office equates to \$30,000 in annual rent (or \$2,500/mo). To accommodate a diversity of businesses in the new terminal, the Authority will award only one qualified bid per office. In other words, a business cannot combine the space of Office A, Office B or Office C. However, tenants should list bid prices for all spaces, with their highest and best bid for their most preferred space, the second highest bid to the second most preferential, and so on.

EVALUATION CRITERIA

1. Explain the proposed business and why it is compatible for operations in the new terminal:

2. Preferred initial lease term _____ years
3. Bid price per square foot for Office A: _____
Bid price per square foot for Office B: _____

Bid price per square foot for Office C: _____

4. Additional considerations for renting space in the new facility:

5. Estimated costs of fit-out and improvements of leased space (lump sum):

RENEWAL LEASE APPLICATION

Renewal terms are subject to the tenant's compliance with the following conditions:

1. The tenant has not been delinquent for any lease payments more than three (3) times in the previous two (2) year period;
2. The tenant is not delinquent in any lease provision and the time of renewal;
3. The tenant has not received written notice from the Executive Director or a violation of the Minimum Standards and Rules and Regulations;
4. The tenant has not filed for bankruptcy;
5. The tenant has not received written notice of a violation of local, state or federal law regarding its operations at the Airport;
6. The tenant agrees to the new terms of the renewed lease.

AWARD OF LEASE

The prospective tenants offering the highest bid for Office A, Office B and Office C will conditionally be offered a lease in the Airport Terminal of the Future subject to approval by the Authority at a public meeting duly convened by the Authority. The Authority expressly reserves the right to reject a higher bid and accept a lower bid if, in the opinion of the Authority, the Authority deems it advisable to select a lower bid, in the Authority's sole and absolute discretion.

ATTACHMENTS

1. Winchester Regional Airport Authority Act of 1987 (Excerpt)
2. Terminal Exhibit
3. Tenant Spaces Per Base Contract

ATTACHMENT 1

Winchester Regional Airport Authority Act of 1987 (Excerpt)

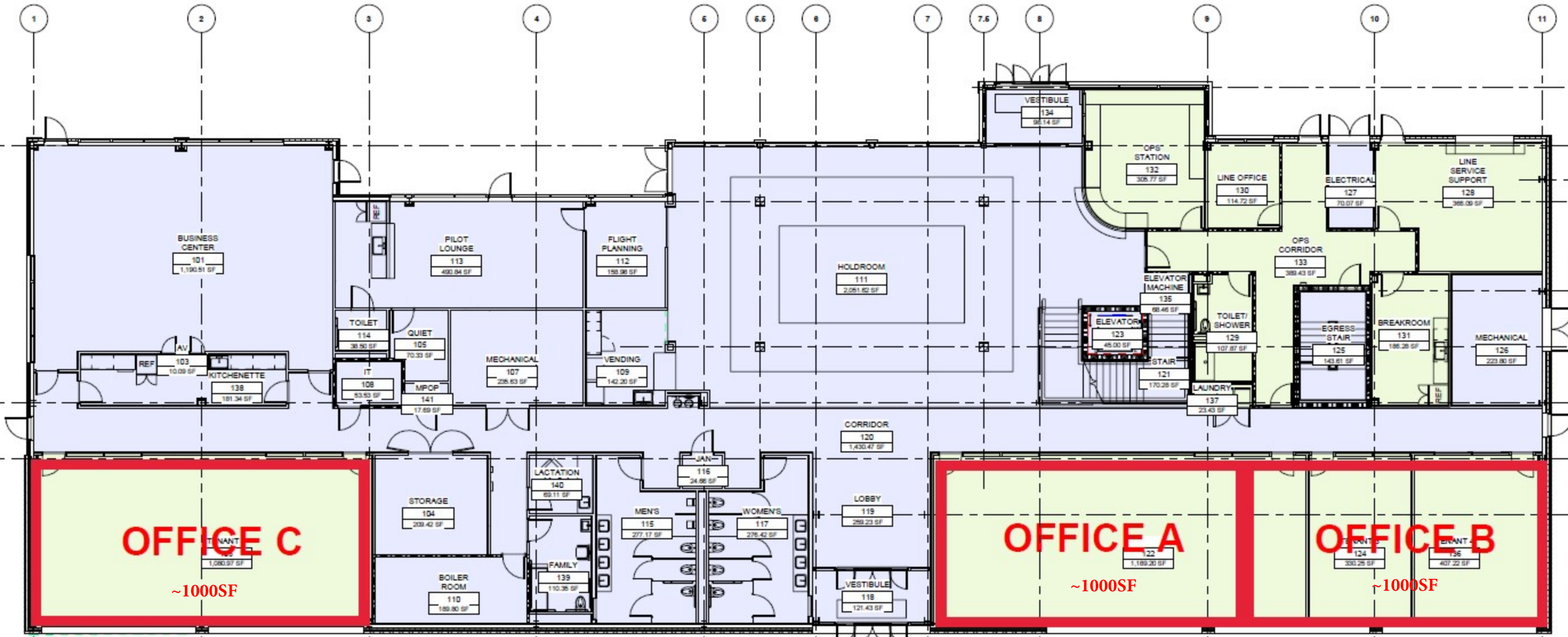
§ 7. Powers.

The Authority is hereby granted all powers necessary or appropriate to carry out the purposes of this act, including, for purposes of illustration, the following:

1. To sue and be sued in its own name;
2. To have perpetual succession;
3. To adopt a corporate seal and alter the same at its pleasure;
4. To maintain offices at such places as it may designate in the City of Winchester or the County of Frederick;
5. To acquire, establish, construct, enlarge, improve, maintain, equip, operate and regulate any airport, air landing fields, structures, aviation facilities and other property incidental thereto within the territorial limits of the participating political subdivisions subject to the limitation that such power shall be limited to such items as may be necessary for the operation of the Winchester Regional Airport;
6. To construct, install, maintain and operate facilities for the servicing and storage of aircraft and for the accommodation of cargo, freight, mail, express, etc., and for the accommodation and comfort of air travelers, and for lease or sale to industrial or commercial users, and to purchase and sell equipment and supplies incidental to the operation of its airport facilities;
7. To grant to others the privilege to operate for profit concessions, leases, and franchises, including but not limited to the sale of airplanes, fuel, parts and equipment, maintenance of aircraft, the accommodation and comfort of persons using its facilities and the providing of ground transportation and parking facilities for such persons, and such concessions, leases and franchises shall be exclusive or limited when deemed by the Authority necessary to further the public safety, improve the quality of air service, avoid duplication of service or conserve airport property and the airport operation;
8. To determine fees, rates, and charges for the use of its facilities;

[...]

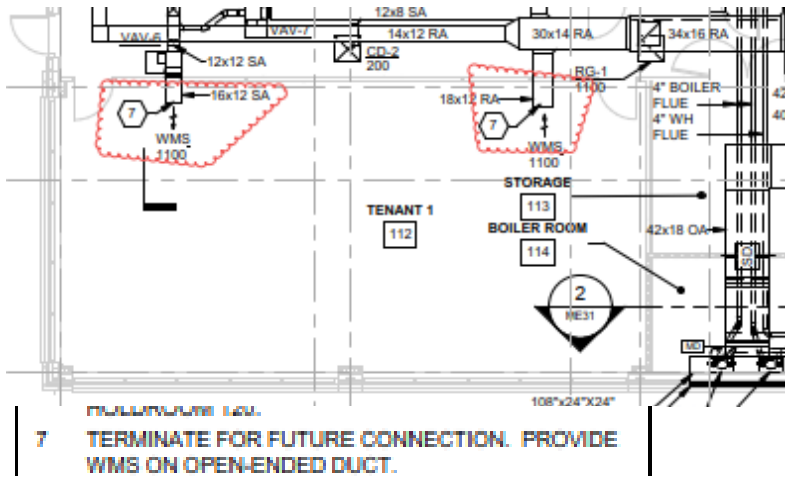
ATTACHMENT 2
TERMINAL EXHIBIT



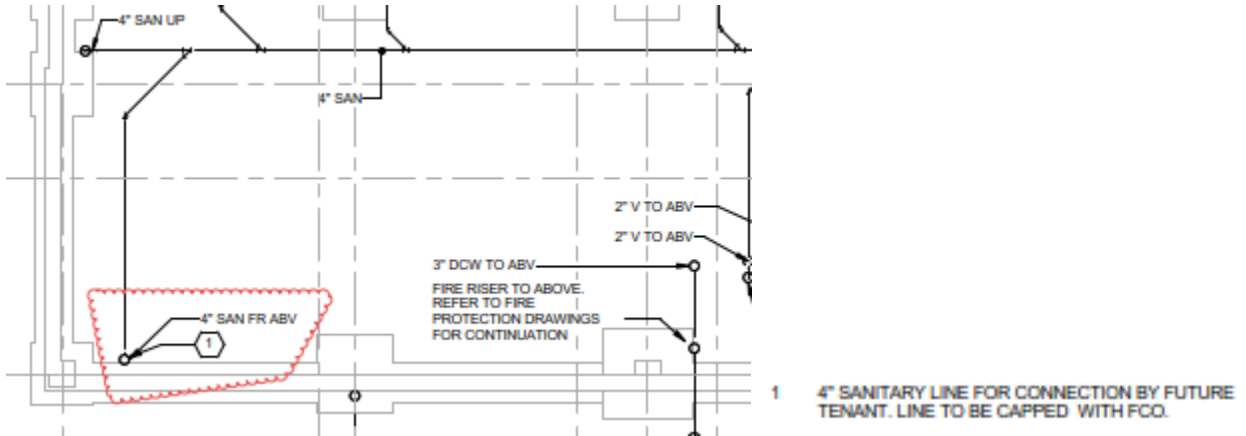
ATTACHMENT 3 TENANT SPACES PER BASE CONTRACT

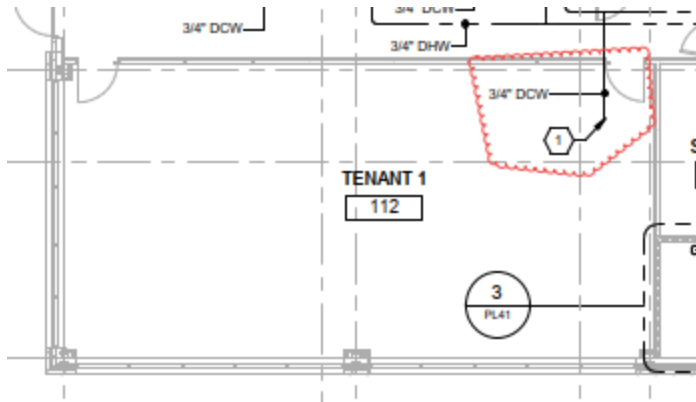
Tenant spaces are shell spaces ready for final completion by the end user to meet their specific needs. The following information is provided by the architect to set expectations and aid in the development of cost estimates.

Mechanical: Ducts for future connection by tenants are provided



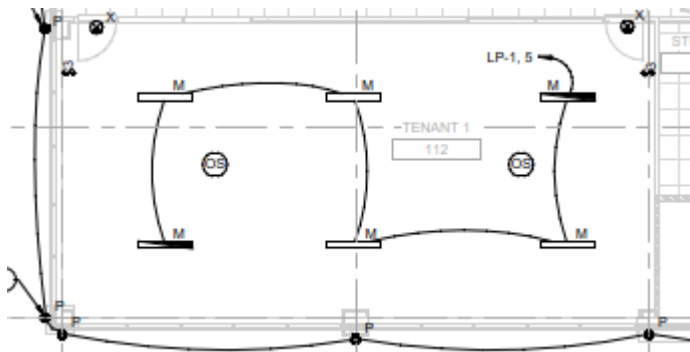
Plumbing: Water and sanitary provided/capped for tenant connection




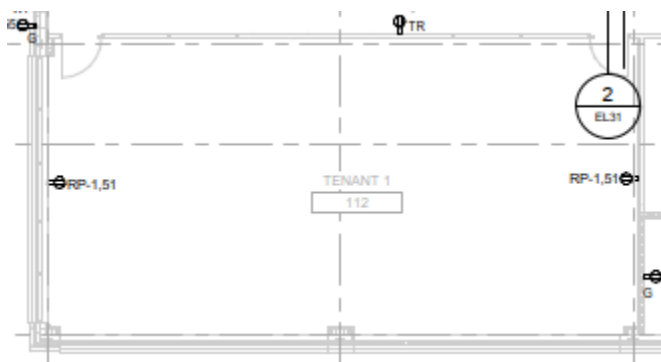


- 1 PROVIDE ISOLATION VALVE AND CAP DCW FOR EXTENSION BY FUTURE TENANT. VALVES AND PIPES TO BE LEFT HIGH ENOUGH TO BE LOCATED IN A POSSIBLE FUTURE CEILING, MIN 12'-0" A.F.F.

Electrical: Temporary lights and a few receptacles are provided to meet code.

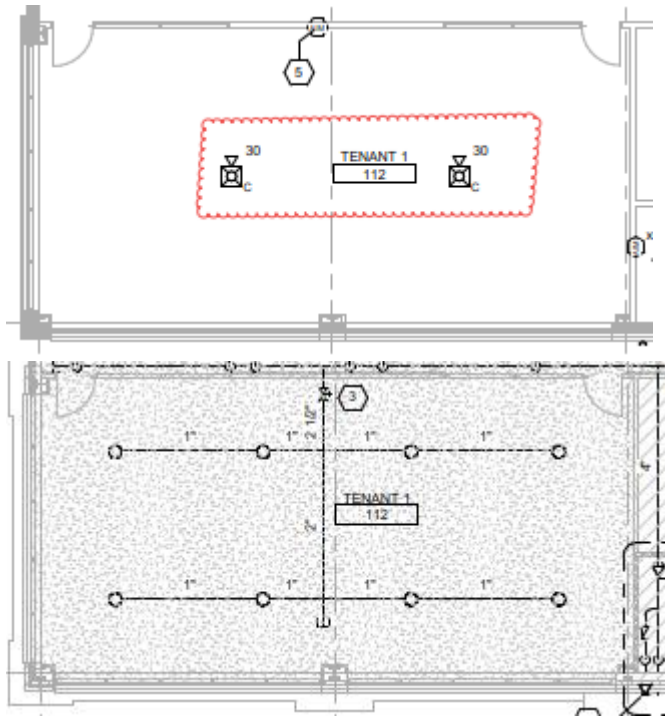


M		7"W X 52" ENCLOSED AND GASKETED LUMINAIRE, FIBERGLASS HOUSING, ACRYLIC LENS, MEDIUM DISTRIBUTION	PENDANT 9'-6" AFF OR SURFACE*
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Telecommunications: No data is provided in the tenant spaces.

Fire Alarm/Fire Protection: Horn/strobes in ceiling provided to meet code. Sprinklers provided to meet code. Both will require adjustment/approval based on Tenant's final layout.



3. PROVIDE SHUTOFF VALVE IN SPRINKLER SUPPLY LINE SERVING EACH TENANT SPACE.