



METROPOLITAN
KNOXVILLE
AIRPORT
AUTHORITY

Request for Proposals
to build and operate a General Fixed Base Operator Business
(FBO) and associated Fuel Farm
at
McGhee Tyson Airport
Knoxville, TN

Issue Date:
Friday, February 1, 2013

Proposal Due Date:
Friday, June 7, 2013
4:00 pm., EDT

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY
P.O. Box 15600
Knoxville, TN 37901
Phone: (865) 342-3011

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

TABLE OF CONTENTS

	<u>Page</u>
I. Advertisement.....	i
II. Time Table.....	ii
III. Background	iii
IV. Instructions	1
V. Proposal Form	Appendix A
VI. Noncollusion Affidavit.....	Appendix B

EXHIBITS

West Aviation Area Drawing	Exhibit 1
Statistical Data	Exhibit 2
Minimum Standards for Commercial Aeronautical Activities	Exhibit 3
Rules and Regulations for McGhee Tyson Airport	Exhibit 4

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

I. ADVERTISEMENT

NOTICE OF ACCEPTANCE OF COMPETITIVE PROPOSALS TO BUILD AND OPERATE A GENERAL FIXED BASE OPERATOR BUSINESS (FBO) AND ASSOCIATED FUEL FARM AT MCGHEE TYSON AIRPORT

1. The Metropolitan Knoxville Airport Authority is soliciting sealed proposals from qualified and experienced parties to build and operate a General Fixed Base Operator (FBO) business and a Fuel Farm at McGhee Tyson Airport.
2. Sealed proposals will be received no later than 4:00 p.m. (EDT) on FRIDAY, JUNE 7, 2013. Proposals should be addressed to: Director of Properties, Metropolitan Knoxville Airport Authority and may be mailed to, P.O. Box 15600, Knoxville, TN 37901 or delivered to McGhee Tyson Airport, 2055 Alcoa Highway, Alcoa, TN 37701. Any proposals received after the specified closing time will be returned without being considered.
3. Proposals are to be submitted on the preprinted forms provided in the Authority's RFP Document and must be identified on the outside of the envelope as "FBO/Fuel Farm Proposal", stating the opening date and time.
4. The Request for Proposals document may be requested in writing from Mihai Smighelschi, Director of Properties, Metropolitan Knoxville Airport Authority, P.O. Box 15600, Knoxville, TN 37901, or by calling 865-342-3011, or can be downloaded from <http://www.tys.org/doing-business-at-the-airport>.
5. The Metropolitan Knoxville Airport Authority reserves the right to: 1) reject any and all proposals; 2) waive any informalities in connection herewith; 3) accept any proposal, either in part or in full, deemed advantageous to it; and 4) reject any or all of the proposals or to accept or refrain from accepting any proposals, whichever is deemed to be in the MKAA's best interests
6. All qualified Proposers will be afforded the full opportunity to respond to this invitation and will not be discriminated on the grounds of race, color, national origin, or sex in consideration of their proposal.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM
REQUEST FOR PROPOSALS

II. TIME TABLE

Events:

Date:

Date 1: RFP Advertised on Friday, February 1, 2013

Date 2: Pre-proposal conference 10:00 am. EDT Monday, March 11, 2013

Date 3: Deadline to submit written questions/requests.....Friday, May 10, 2013

Date 4: Response to questions/requestsFriday, May 24, 2013

Date 5: Proposals due by4:00 pm. EDT, Friday, June 7, 2013

Date 6: Board award dateWednesday, June 26, 2013

Date 7: Agreement signed and approved by Board Friday August 28, 2013

Date 8: Construction begins no later thanApril 1, 2014

Date 9: Construction of First Phase completed by no later than.....April 1, 2015

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

III. BACKGROUND

Solicitation: The Metropolitan Knoxville Airport Authority (MCAA) is soliciting Proposals from qualified and experienced parties to enter into an agreement to lease land for the purposes of building and operating a General Fixed Base Operator (FBO) business and the associated Fuel Farm in the West Aviation Area at McGhee Tyson Airport (TYS).

Metropolitan Knoxville Airport Authority: The MCAA is the owner and operator of McGhee Tyson Airport (TYS) and Knoxville Downtown Island Airport (DKX) and was established in 1978 under Chapter 174, Public Acts of the State of Tennessee pursuant to Resolution No. R-63-78 of the Council of the City of Knoxville, Tennessee.

McGhee Tyson Airport: The McGhee Tyson Airport was established in 1937 and has two 9,000 foot parallel runways with a category II instrument landing system. The airport is open 24 hours per day. During calendar year 2012 the airport had 105,805 total aircraft operations including transient military flights. The Tennessee Air National Guard's 134th Air Refueling Wing along with other military operations call McGhee Tyson Airport home as well.

Airline Operations: The airport is served by six (6) passenger airlines: Allegiant, American Eagle, Delta, Frontier, United and U.S. Airways (and/or their regional affiliates) and two (2) cargo airlines FedEx and UPS. During calendar year 2012 the scheduled commercial airlines served approximately 1.75 million passengers, offered 18 non-stop destinations and had an average of 120 daily operations.

Current FBO Operator: TAC Air, the only FBO serving McGhee Tyson Airport, is located to the East of the Terminal Complex and leases a total of 45.57 acres. The leased areas include apron, hangars, a terminal building and grassy areas. TAC Air also operates the only airport fuel farm with a Jet A capacity of 165,000 gallons and AVGAS capacity of 15,000 gallons. TAC Air began operations in 2005 by acquiring the Knox Air FBO operation and expanded in 2006 by acquiring Cherokee Aviation.

The West Aviation Area: The West Aviation Area (WAA) consists of approximately 124 acres to the West of the Terminal Complex and is divided into various tracts that are ready for development. The WAA also includes a 450x650 concrete apron and a 22 acre site without airside access that is designated for aviation related development. The first of a three office building complex was completed on this site in 2006. The WAA is accessible from the airside via taxiway C and further access within the WAA is facilitated via taxiway D. All utilities are currently available in close proximity to each of the areas including water, sewer, natural gas, electricity and communications. The approximate location of utility lines as

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

available today is depicted on Exhibit 1. The drawing will be continuously updated as additional information becomes available. The leasable areas subject to this offering consist of the following Tracts:

- Tract 1: 8.7 acres for FBO/Terminal/Hangars
- Tract 2: 5.4 acres for FBO/Hangars/Cargo
- Tract 3: 4.2 acres for FBO/Hangars
- Tract 4: 7.3 acres for FBO/Hangars
- Tract 7: 3.4 acres for Apron
- Fuel Farm: 2.3 acres for a Future Fuel Farm

Areas available for FBO Development: The areas available for FBO Development consist of the following tracts:

1. **FBO Terminal/Hangar:** - Tract 1 is the area designated for FBO/Terminal/Hangar purposes. This area is located across Taxiway C and consists of approximately 8.7 acres of land. It is anticipated that this area will be developed first along with the fuel farm.
2. **Apron:** - Tract 7 represents the apron area leasable to the FBO. The apron area is a concrete ramp measuring 450x650 feet and consists of 292,500 square feet or 6.71 acres and is built to withstand any airplane in the Category IV Aircraft Design Group. No structures may be built on this ramp. Additionally, the FBO is expected to build its own apron area in front of the terminal building. In order to preserve future flexibility in leasing and use for all airport tenants the apron area is leasable on a preferential basis, meaning that the MKAA reserves the right to adjust the FBO leased area in order to accommodate a new or existing user.
3. **Fuel Farm:** - The area dedicated for a fuel farm is located in close proximity to the FBO Area and has direct access to the roadway system. The Future Fuel Farm area measures approximately 2.3 acres and only above ground fuel storage tanks may be installed. The fuel farm area may afford limited fuel storage capacity due its size and the close proximity to the new Airfield Maintenance and Operations Center being built. The successful proposer is responsible for determining the appropriate fuel capacity needed, the maximum fuel storage capacity that can be safely accommodated on this site, the number of fuel tanks, the assortment of fuels to be stored and the appropriate number of fueling trucks. Special consideration should be given to the proper design and capability of the fire suppression system required. A 12 inch water line is available at the site and can be used for fuel fire suppression purposes. It is estimated that no more than one acre may be needed to duplicate the current fuel storage capability at the airport which should be sufficient for the foreseeable future. The FBO may lease only as much land as reasonably necessary to build the initial proposed fuel farm in order to make sure enough land remains for installing additional capacity should the current fuel farm be closed. The proposed

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

fuel farm must be designed by an appropriately qualified and experienced firm and such firm shall be subject to advance approval by the MKAA. The fuel farm must be built and operated in compliance with all current requirements of the NFPA, the Environmental laws, the MKAA's Spill Prevention Control and Countermeasures Plan, the Storm Water Pollution Prevention Plan and all local building and fire codes and should meet the standards for jet fuel quality control at airports as described in Air Transport Association's ATA 103. Following is a listing of essential codes that will be enforced as they apply to above ground fuel storage tanks:

NFPA 407: Standard for Aircraft Fuel Servicing, 2012 Edition
NFPA 101: LIFE SAFETY CODE, 2012 Edition
NFPA 30: Flammable and Combustible Liquids Code, 2012 Edition
NFPA 30A: Code for Motor Fuel Dispensing Facilities and Repair Garages, 2012 Edition
NFPA 10: Standard for the installation of Fire Extinguishers, 2010 Edition
NFPA 72: National Fire Alarm and Signaling Code, 2013 Edition

4. **Hangar Areas:** - Tracts 2, 3 and 4 are additional areas available for hangar development and the FBO will be granted rights of first refusal for development.

Essential Services: The General Fixed Base Operator must at a minimum provide all of the following essential services as defined in Minimum Standards §1.2.F:

- Aircraft Ground Handling Services,
- Aircraft Fueling Services,
- Aircraft Repair and Maintenance

Self-fueling: In addition to full service fueling operations, the FBO operator must make arrangements to provide self-fueling capabilities at the airport.

Aircraft Repair and Maintenance: The initial development phase must include facilities to accommodate aircraft repair and maintenance services as required by the Minimum Standards. The facility dedicated to this purpose must be adequate in size and must comply with all applicable local and national Fire Codes and any applicable local and federal rules and regulations.

Initial Development Areas: The area available for initial development consists of Tract 1 - FBO Terminal/Hangar, Tract 7 - Apron Area, and land in the Future Fuel Farm area. The minimum area to be leased for the initial development shall be at least 200,000 square feet and shall at a minimum include a terminal building, an aircraft storage hangar, an area/hangar dedicated to aircraft repair and maintenance, a ramp area and a fuel farm. The MKAA recommends that the fuel farm design submittals be separate from the FBO submittals in order to facilitate the review and approval process.

Ultimate Master Plan Schematic: - The ultimate master plan schematic should include the development plan for all areas available for FBO/hangar/fuel farm/apron areas and may include Tract1, Tract 2, Tract

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

3, Tract 4, Tract 7 and land in the Future Fuel Farm area. It is estimated that a total of 30 acres may be made available for development.

Intermediate Development Phases: - Any intermediate development phases should be clearly identified on the Ultimate Master Plan Schematic to provide for orderly development of all areas made available for development.

Airport Design Guidelines: The proposed development must comply with the Airport Design Guidelines Rev.3.1 and Supplemental Design Guidelines Rev. 4.1. These documents are rather large and will be made available upon request.

Lease Term: The term of the lease agreement is for thirty (30) years from the date of occupancy.

Rents and Charges: The rental rate is \$0.1230 per square foot per year for the general area of the FBO and the Fuel Farm rental rate is \$0.4355 per square foot per year. The rental rates are subject to adjustment every 5 years based on the PPI for Other support activities for air transport (Index PCU488190488190) as published by the US Bureau of Labor and Statistics and the financial terms may be re-negotiated every 10 years. Additionally, the rental revenue for hangar and office space is subject to a 3% fee, the fuel sold is subject to a \$.056 per gallon fuel flowage fee and the catering revenue is subject to an 8% fee.

Landing Fees: The FBO operator is required to charge and collect landing fees from all customers except from the signatory airlines operating at TYS and as an incentive for doing retains 25% of the amounts collected. The landing fee collected shall be double if the aircraft operator does not purchase fuel at the airport.

Insurance Requirements: The FBO operator must obtain and furnish to the Airport Authority proof of public liability insurance in the amount of no less than \$10 Million for each occurrence including products completed operations liability and fire and extended coverage insurance for each building in an amount equal to at least ninety percent (90%) of the replacement cost of each building or facility at all times. Additionally, Hangarkeeper's Legal Liability insurance is required with a minimum limit of at least \$5 Million each occurrence.

Minimum Standards: The FBO operator must meet all the requirements in the Minimum Standards for Commercial Aeronautical Activities at McGhee Tyson Airport (Minimum Standards) dated September 18, 1996 as amended. A copy of the Minimum Standards is attached as Exhibit 3.

Aviation Service Application: The successful proposer must complete and submit an Aviation Service Application (Exhibit 1 to the Minimum Standards) along with this proposal. The Airport Authority will review the application and determine if the applicant meets or can reasonably be expected to meet the

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

standards and qualifications in the Minimum Standards. A copy of the Minimum Standards is attached as Exhibit 3.

Rules and Regulations: The successful proposer must abide by the Rules and Regulations for McGhee Tyson Airport as well as with any rules, policies, executive orders or directives which may be promulgated by the Authority or laws, regulations or directives of the FAA, or federal, state or local governmental authorities. A copy of the Rules and Regulations is attached as Exhibit 4.

Sample Agreement: Currently we have an agreement for the FBO and an agreement for the fuel farm. We are consolidating these agreement into one and will make it available before the proposal due date.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM
REQUEST FOR PROPOSALS

IV. INSTRUCTIONS

1. HOW TO SUBMIT PROPOSALS:

When: Submit by 4:00 p.m. (EDT), Friday, June 7, 2013

Where: Must be received in the office of:

Director of Properties
Metropolitan Knoxville Airport Authority
McGhee Tyson Airport
2055 Airport Highway
Alcoa, TN 37701

Mailing Address:
P.O. Box 15600
Knoxville, TN 37901

How: One original proposal and four (4) copies, all in one sealed package clearly identified with the name of the proposer and titled "FBO/Fuel Farm Proposal"

Form: Proposals must be complete and include:

- (1) Fully-completed Proposal Form with additional information specified on the Form
- (2) Executed noncollusion affidavit
- (3) Any supplemental information proposer feels is relevant to the selection process.

2. **INVITATION:** Notice is hereby given that the Metropolitan Knoxville Airport Authority (MCAA) is soliciting proposals from qualified and experienced parties to build and operate a General Fixed Base Operator (FBO) business and a Fuel Farm at McGhee Tyson Airport.

3. **PRE-PROPOSAL CONFERENCE:** A pre-proposal conference will be held at the Airport Authority's administrative offices, 3rd floor of the Terminal Building at 10:00 a.m. (EDT), on Date 2. A tour of the West Aviation Area follows this meeting.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

4. **DETERMINATION OF QUALIFIED PROPOSALS:** Only those proposals received timely and in proper form will be considered. Those submitting proposals are required to present evidence that they have the experience, expertise, and resources necessary to build and operate a General Fixed Base Operator (FBO) business and a Fuel Farm. To ensure this, the MKAA requires that those submitting proposals complete and furnish a Proposal Form and Noncollusion Affidavit attached as Appendix A and Appendix B respectively.

While this notice is not intended to preclude the formation of a new company, partnership, or corporation to offer the services, the MKAA will give special attention to prior experience.

5. **FILING PROPOSALS:** Proposals will be received by the MKAA until 4:00 p.m. (EDT) on **Date 5**. Facsimile or e-mailed proposals will not be accepted.
6. **PROPOSAL FORM - ATTACHING ADDITIONAL INFORMATION:** Each proposal shall be submitted on the preprinted forms attached hereto as Appendix A. and must be identified on the outside of the package as "FBO/Fuel Farm Proposal", stating the due date and time. If the Proposal Form contains insufficient space or additional information is required, this information should be typed on plain paper, attached to the Proposal Form, and marked appropriately. All information that is required to be supplied should be submitted with the Proposal Form. All documentation submitted with this proposal should be bound in a single volume. The proposals received will become the property of the MKAA and will not be returned.
7. **AUTHENTICATION OF PROPOSAL:** The Proposal Form marked Appendix A, must be completed in every respect, and signed by an authorized representative possessing authority to bind the firm. The Proposal Form must be sworn to before a Notary Public. The official name of the firm will be regarded as the name in which the proposal is submitted and the Lease Agreement (the "Agreement") will be prepared. As proposals are to be accepted from newly-formed firms or a group of existing firms already engaged in similar activities, the Proposal Form is to indicate company information for the newly-formed firm or joint venture that may be organized. Submission of more than one proposal by an individual, firm, partnership, or corporation results in disqualification of the proposals.
8. **REJECTION OF PROPOSALS:** The MKAA reserves the right to reject any and all proposals, to select the proposal, which at the MKAA's sole discretion it judges to be in the best interest of the MKAA, even though this proposal does not represent the highest financial return to the MKAA, and to waive any technicalities. If all proposals are rejected, MKAA reserves the right to re-solicit proposals.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

- 9. WITHDRAWAL OF PROPOSALS:** A submitting firm (person) may withdraw its proposal by sending its request, in writing and by certified mail to the office of the MKAA's Director of Properties and the request must be received prior to 4:00 p.m. (EDT) on **Date 4**.
- 10. AWARD OF AGREEMENT:** The agreement will be awarded to the firm (person) making the proposal considered most advantageous to the MKAA. The Selection Committee will review the proposals and recommend to the MKAA Board of Commissioners to approve the Lease and Operating Agreement with the most highly-ranked proposer (the "Successful Proposer"). The Agreement must be formally approved by the MKAA Board of Commissioners.
- 11. EXPLANATION OF, OR FINDING OF DISCREPANCIES:** Should a firm (person) submitting a proposal find a discrepancy or omission in these instructions, or should there be any doubt as to the meaning of any provision, it shall notify in writing the MKAA Director of Properties no later than **Date 3**, who will then send written supplemental instructions to all proposers. Said written instructions shall become addenda to these instructions.
- 12. SUPPLEMENTAL INFORMATION:** The MKAA does not assume any responsibility for the accuracy of data provided in Exhibit 1 "West Aviation Area" and Exhibit 2, "Statistical Data" although it was assembled and compiled from services considered reliable
- 13. PROPOSAL SECURITY AND REQUIREMENTS OF SUCCESSFUL PROPOSER:** Proposals must be accompanied by a Proposal Security in the form of a Proposal Bond, Certified Check, or Cashier's Check payable to the Metropolitan Knoxville Airport Authority, in the amount of \$5,000.00. Should the Proposer selected as most highly-ranked by the Selection Committee fail to enter into a Lease and Operating Agreement in accordance with their proposal as specified in response to this RFP by **Date 7**, Proposal Security shall be forfeited to the MKAA as liquidated damages, the successful proposer shall forfeit any rights granted under this invitation for proposals, and the Airport Authority reserves the right to enter into negotiations with the next highest-rated Proposer. The Proposal Security will be returned to the unsuccessful proposers within thirty (30) days after the Agreement was signed and approved by the MKAA's Board of Commissioners. The Airport Authority reserves the right to waive the Proposal Security requirement altogether or to extend the Effective Date if it determines in its sole opinion that more time is needed and significant effort is made by the successful proposer towards signing an Agreement. By submitting a proposal in response to this solicitation, the proposer agrees to all the terms and conditions of this Request for Proposals Document. MKAA's President, at his sole discretion, may grant additional time if warranted.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

- 14. INVESTIGATION OF PROPOSERS:** The MKAA staff reserves the right to thoroughly investigate the financial status, experience, and performance record of each Proposer and to decline to award to any proposer found to be unqualified.
- 15. PROPOSER RESPONSIBLE FOR EXAMINATION:** Proposers shall be responsible for examination and understanding of the terms of these Instructions to proposers, the physical condition of the land and shall judge for themselves all of the circumstances and conditions affecting the proposal. Failure on the part of the proposer to make such examinations and to investigate thoroughly shall not be grounds for any declaration that the proposer did not understand the conditions of these instructions. Interested parties may submit questions pertaining to the proposal in writing to the Director of Properties, to be received no later than on **Date 3**. MKAA will issue written responses to all questions raised.
- 16. DEVELOPMENT PLAN:** The site will be developed in phases beginning with the western part of the site; construction on the first phase shall begin no later than **Date 8**. The initial lease area will be limited to the area needed for the first phase of development, with additional land to be developed only as each phase is approved in advance by the Airport Authority and is ready to be developed. All facilities constructed in association with this project must comply with the Airport Authority's Design Guidelines. The Developer shall have a right of first refusal on the remaining phases of the 22± acre site for a period of seven (7) years from the Effective Date, should the Airport Authority decide to market/develop the remaining area.
- 17. OPERATING PLAN:** Please submit an operating plan including proposed hours of operation if open to the public.
- 18. RENT:** Proposers are requested to submit the amount of rent to be paid to the Airport Authority.
- 19. SELECTION PROCESS:** Judging of proposals by the Selection Committee shall consist of the following criteria:
- a. Economic benefit to the MKAA over the term of the lease.
 - b. The extent of specialized experience of the Proposer (individual, corporation, or firm) in the type of work required and the degree and depth of professional qualifications available through the Proposer for performance of the services required.
 - c. The performance history of the Proposer in the general fixed base operations business.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM REQUEST FOR PROPOSALS

- d. The financial strength/capacity of the Proposer.
- e. The development plan, including potential sub-lessees/tenants, the marketing plan, and the operations plan.
- f. Disadvantaged Business Enterprise (DBE) participation

20. DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION: It is the policy of the Metropolitan Knoxville Airport Authority that socially and economically Disadvantaged Business Enterprises (DBE) will have the same opportunity as non-DBE's to participate in the performance of Federally Funded projects. This policy is in accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and 49 CFR, Part 26 and Part 23, Nondiscrimination of Federally-Assisted Programs of the Department of Transportation. The MKAA overall goal of Disadvantaged Business Enterprise (DBE) participation in construction projects of nine (9.00%) percent.

All proposers should attempt to secure DBE participation as part of their response/proposal. If the successful proposer fails to meet the goal, its efforts will be evaluated to determine whether there has been good faith compliance with the RFP documents, and may result in withholding the contract award.

21. DISADVANTAGED BUSINESS ENTERPRISE (DBE) CERTIFICATION: To be considered as an Disadvantaged Business Enterprise (DBE), the DBE firm must be certified by the Metropolitan Knoxville Airport Authority (MKAA) in association with the Tennessee Uniform Certification Program (TNUCP). DBE certification from other states may be accepted subject to review and approval of MKAA. DBE's in the process of certification with MKAA may be considered as a good faith effort (49 CFR Part 26, Appendix A: IV., H.) as long as the DBE application is submitted with supporting documentation at least 21 days prior to the RFP submittal deadline.

A DBE application can be obtained from the Tennessee Department of Transportation at www.tdot.state.tn.us/civil-rights/smallbusiness/docs/application.pdf. For questions please contact the DBE Liaison Officer:

Mr. Alan Jones, Manager of Administration
Phone: (865) 342-3062
Fax: (865) 342-1690
E-mail: alan.jones@tys.org.

22. INSURANCE: At the time the agreement begins, the Successful Proposer will deliver to the MKAA a certificate of insurance in the amount of a minimum of \$10 million dollars commercial liability insurance and will add the MKAA as additional insured on the policy. A current certificate will be kept

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

on file with the Airport Authority for the entire term of the Agreement.

- 23. AWARD OF CONTRACT AND THE EFFECTIVE DATE:** The Selection Committee intends to recommend the Successful Proposer to the Board of Commissioners for the award at the Board Meeting scheduled on **Date 6**. The Effective Date of the Agreement shall be on **Date 7**.
- 24. PERFORMANCE BOND AND INSURANCE:** At the time of the execution of the Lease and Operating Agreement, the successful proposer shall execute and deliver to MKAA a performance deposit in the amount of \$50,000.00 which deposit shall guarantee faithful performance of the Agreement. The performance bond will be returned to successful proposer within thirty (30) days after the proposed FBO and Fuel Farm development is completed and a certificate of occupancy is issued. At the same time, the successful proposer will also deliver to the MKAA a certificate of insurance stating that the successful proposer has obtained all insurance required in the Lease and Operating Agreement. A current certificate will be kept on file with the Airport Authority for the entire term of the Agreement.
- 25. CONSTRUCTION TIMELINE:** Construction must begin by no later than **Date 8** and must be completed by no later than **Date 9**. If the construction project is not finished by Date 9, the successful proposer will forfeit the performance bond, the term of the agreement begins and the proposer must begin to pay rent for the leased properties.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

V. PROPOSAL FORM

PROPOSAL TO LEASE LAND TO BUILD AND OPERATE A GENERAL
FIXED BASE OPERATION BUSINESS AND THE ASSOCIATED FUEL
FARM AT MCHGEE TYSON AIRPORT, KNOXVILLE, TN

A. GENERAL INFORMATION:

I. Proposer: _____

II. Principal Office Address: _____

III. Telephone: _____

IV. Official Representative: _____

V. Type of Organization: (Please check one)

Corporation () Limited Liability Company ()

Partnership () Joint Venture ()

Sole Proprietorship () Other ()

Explain "Other": _____

1. If a corporation, answer the following:

a. When incorporated? _____

b. Where incorporated? _____

c. Authorized to do business in Tennessee: Yes () No ()

d. The corporation is held: Publicly () Privately ()

e. If publicly held, how and where is the stock traded? _____

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

f. List names, titles and addresses of corporate officers:

g. Name and title of full-time managing officer or managing employee:

Name: _____ Title: _____

(Attach Resume.)

h. List names, titles and addresses of corporate directors:

i. List names, titles, and addresses of stockholders owning 10% or more of the corporation's issued stock:

j. Attach copies of the current Articles of Incorporation.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

2. If a partnership, answer the following:

a. Date of organization: _____

b. General Partnership () Limited Partnership ()

c. Certificate of Partnership recorded? Yes () No ()

If yes, where: _____

d. Has the Partnership done business or is it doing business in Tennessee?

If yes, when and where? _____

e. Name, and address and partnership share of each general partner:

<u>NAME</u>	<u>ADDRESS</u>	<u>SHARE</u>
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%

f. Attach a complete copy of the current partnership Agreement or limited partnership Agreement and/or certificate of partnership.

g. Name and title of full-time managing partner or managing employee:

Name: _____

Title: _____

(Attach Resume.)

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

3. If a limited liability company, answer the following:

a. Date of organization: _____

b. Member Managed () Governor Managed ()

c. Statute of Organization: _____

d. Authorized to do business in Tennessee: Yes () No ()

e. List names, titles and addresses of officers of limited liability company:

<u>NAME:</u>	<u>TITLE:</u>	<u>ADDRESS:</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

f. List names and addresses of Governors of limited liability company, if applicable:

<u>NAME:</u>	<u>ADDRESS:</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

g. List names, addresses and percentage of membership interests held by each Member of limited liability company:

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

<u>NAME:</u>	<u>ADDRESS:</u>	<u>PERCENTAGE:</u>
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%

h. Attach a complete copy of the limited liability company's articles of organization and a fully executed copy of the limited liability company's operating Agreement.

i. Name and title of full-time chief manager or equivalent officer of the limited liability company:

Name: _____

Title: _____

(Attach Resume)

4. If a joint venture, answer the following:

a. Date of organization: _____

b. Joint Venture Agreement recorded? Yes () No ()

Date

Book

Page

County and State

c. Has the joint venture or any joint venturer done business in Tennessee?

Yes () No ()

If yes, when and where? _____

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

d. Name, address, and joint venture share of each joint Venturer:

<u>NAME:</u>	<u>ADDRESS:</u>	<u>PERCENTAGE:</u>
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%

e. Attach a complete copy of the current Joint Venture Agreement.

f. Name and title of full-time joint venture manager or managing employee:

Name: _____

Title: _____

(Attach Resume.)

5. If a Sole Proprietorship, answer the following:

a. Name in full: _____

b. Address: _____

c. Date of Birth: _____

d. Social Security No.: _____

e. Have you conducted business in Tennessee? Yes () No ()

If yes, when and where? _____

(Attach Resume.)

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

B. FINANCIAL CAPABILITY:

The Proposer must demonstrate its ability to successfully finance, or to secure financing to lease the land and build the facilities required for the General Fixed Base Operation and for the Fuel Farm. The Proposer must demonstrate financial trust, responsibility, and capability by providing the following financial information:

(If proposer desires that the financial information submitted be kept private and confidential the information submitted must be appropriately marked "private and confidential" and will be destroyed after investigation unless proposer requests that it be returned and a self addressed postage paid envelope/package is provided):

a. Financial Statements:

The Proposer shall submit a Balance Sheet, an Income Statement and a Statement of Cash Flows including all footnotes to the above for the last two (2) fiscal year periods prepared in accordance with generally accepted accounting principles.

(Attach information.)

b. Financial Plan:

The Proposer shall submit a detailed plan on how it plans to finance the development and its ability to raise enough capital for the initial phase of development and subsequently for the entire site. Please provide information about how you plan to finance the construction and operation of the FBO and the Fuel Farm. Be specific as to how you plan to get the money, including your existing lines of credit, current assets, and a letter of intent from your banking institution - unless being financed out of existing capital.

(Attach information.)

c. Surety Information:

Have you or any entity in which you have had an ownership interest, ever had a bond or surety instrument canceled or forfeited? Yes () No () If yes, state name of bonding company, date, amount of bond and reason for cancellation or forfeiture:

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

d. Bankruptcy Information:

Have you or any entity in which you have had ownership interest ever been declared bankrupt?
Yes () No () If yes, attach statement setting forth date, court location, docket number,
amount of liabilities and assets, type and resolution or current status.

e. Credit References:

Provide names, addresses, titles, phone numbers and type of business of at least three (3)
organizations your company has done business with in the most recent three (3) years.

C. EXPERIENCE STATEMENT

1. A minimum of five (5) years of continuous, successful previous business experience in General Fixed Base Operations and fuel farm management is required. Attach a statement detailing the experience and a list of all locations or facilities currently managed. The Proposer may include any additional information it deems necessary to demonstrate experience including examples of building and operating a brand new FBO and/or fuel farm.
2. Attach an Organizational Chart and management structure of the proposed operation.
3. Attach a statement detailing the experience and qualifications of each individual who will be responsible for the operation at the Airport.
4. Have any General Fixed Base Operating Agreements held by the Proposer ever been canceled or terminated? Yes () No () If yes, attach statement / setting forth details.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

D. RENT:

The proposer shall submit the proposed rent to be paid to the MKAA for the facilities during the term of the Agreement.

FBO Rent: \$0.1230 x _____ sqft.= _____\$/year

Fuel Farm Rent: \$0.4355 x _____ sqft.= _____\$/year

Total Rent: _____\$/year

E. DEVELOPMENT PLAN:

1. Please provide a detailed development plan schematic to include the initial phase, the ultimate phase and any intermediate phases along with the project time frame.
2. Development references:

Provide names, addresses, titles, and phone numbers of at least three (3) organizations/persons your company has done business with in the most recent five (5) years and a list of most current developments completed by proposer.

F. OPERATING PLAN:

Please provide a detailed operating plan.

G. MARKETING PLAN:

Please provide information about how you plan to market the facilities, and what your strategy is to attract business to the Airport.

H. DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION:

Please describe the methods used by the proposer to assist the MKAA in meeting the DBE participation goal.

I. LICENSING AND PERMITS REQUIREMENT

The Proposer must provide a copy of its license to do business in the State of Tennessee or documentation that the company is capable of becoming licensed. The Proposer is responsible for obtaining all necessary licenses and permits required. The MKAA will not reimburse the operator for

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

any cost of licenses or registration with the City, County, or State.

J. EQUAL EMPLOYMENT OPPORTUNITY

Pursuant to the MKAA Policies regarding equal employment opportunity, please provide your firm's affirmative action plan for equal employment opportunity.

(Attach statement)

K. THE UNDERSIGNED PROPOSER FURTHER WARRANTS AND AGREES THAT:

1. It understands that its proposal may be withdrawn and its Proposal Security refunded by requesting such withdrawal, in writing, by certified mail, any time before Date 5.
2. It has carefully read and fully understands the terms and conditions of the Request for Proposals and the Instructions to Proposers, and has the capability to carry out all of the responsibilities set forth therein.
3. The individual or any partner or corporate officer or LLC member has never been convicted of a felony or crime involving moral turpitude and there are no pending proceedings against the individual, a partner, a member or the corporation or officer concerning the alleged commission of a felony or crime involving moral turpitude.
4. The Proposal Form and related forms have been completed to the best of its ability and it represents and warrants that all information contained therein is true and correct to the best of its knowledge.
5. By submission of this proposal, the Proposer acknowledges that representatives of the MKAA have the right to make any inquiry or investigation they deem appropriate to substantiate or supplement information contained in the Proposal Form, and the Proposer authorizes release to the MKAA of any and all information sought in such inquiry or investigation. Further, the undersigned agrees to permit the audit and examination of books, records, and files of the named firm for compliance. Any material misrepresentation will be grounds for terminating any contract which may be awarded and for initiating action under Federal or State laws concerning false statements.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX A

L. BINDING AGREEMENT

The Proposer agrees to be bound by this proposal for a period of one hundred twenty (120) days from the date set for receipt of proposals.

The undersigned swears that the foregoing statements are true and correct and include all material information necessary to identify and explain the operations of _____ (name of firm) as well as the ownership thereof.

CORPORATE
SEAL
(If Applicable)

Signature _____

Name _____

Title _____

NOTE: If a partnership, a general partner must sign; if a corporation, the authorized corporate officer must sign, if an LLC, the authorized party must sign.

State of _____

County of _____ at _____

Subscribed and sworn to before me this _____ day of _____ 20____

Notary Public

My Commission Expires: _____

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

APPENDIX B

VI. NONCOLLUSION AFFIDAVIT

STATE OF _____

County of _____

*

of lawful age, being first duly sworn, on oath says, that (s)he is the agent authorized by the Proposer to submit the attached proposal. Affiant further says that: (1) the proposal filed herewith is not made in the interest of or on behalf of any undisclosed person, partnership, company, association, organization, or corporation; (2) that such proposal is genuine and not collusive or a sham; (3) that said Proposer has not, directly or indirectly, induced or solicited any other Proposer to put in a false or sham proposal, and has not, directly or indirectly, colluded, conspired, connived or agreed with any Proposer or anyone else to put in a sham proposal, or that anyone else shall refrain from proposing; (4) that said Proposer has not in any manner, directly or indirectly, sought by Agreement, communication or conference with anyone to fix the proposal price of said Proposer or any other Proposer, or to fix any overhead, profit, or cost element of such proposal price of said Proposer or of any other Proposer, or to secure any advantage against the Metropolitan Knoxville Airport Authority (MKAA) or anyone interested in providing these services; (5) that the Proposer has not been a party to any collusion with any official of the MKAA or any employees of the MKAA concerning exchange of money or other things of value for special consideration in submitting a sealed proposal for leasing land to build a General Fixed Base Operator business and associate Fuel Farm at McGhee Tyson Airport; (6) that all statements contained in such proposal are true; (7) and that the Proposer has not, directly or indirectly, submitted its proposal price or any breakdown thereof or the contents thereof, or divulged information or data relative thereto to other parties.

Firm Name

By: _____
Signature and Title*

Subscribed and sworn to before me this _____ day of _____, 20____

Notary Public

My Commission Expires: _____

*Owner, General Partner, LLC Manager, or Officer of the Corporation, Company Name and State

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

EXHIBIT 1

West Aviation Area Drawing

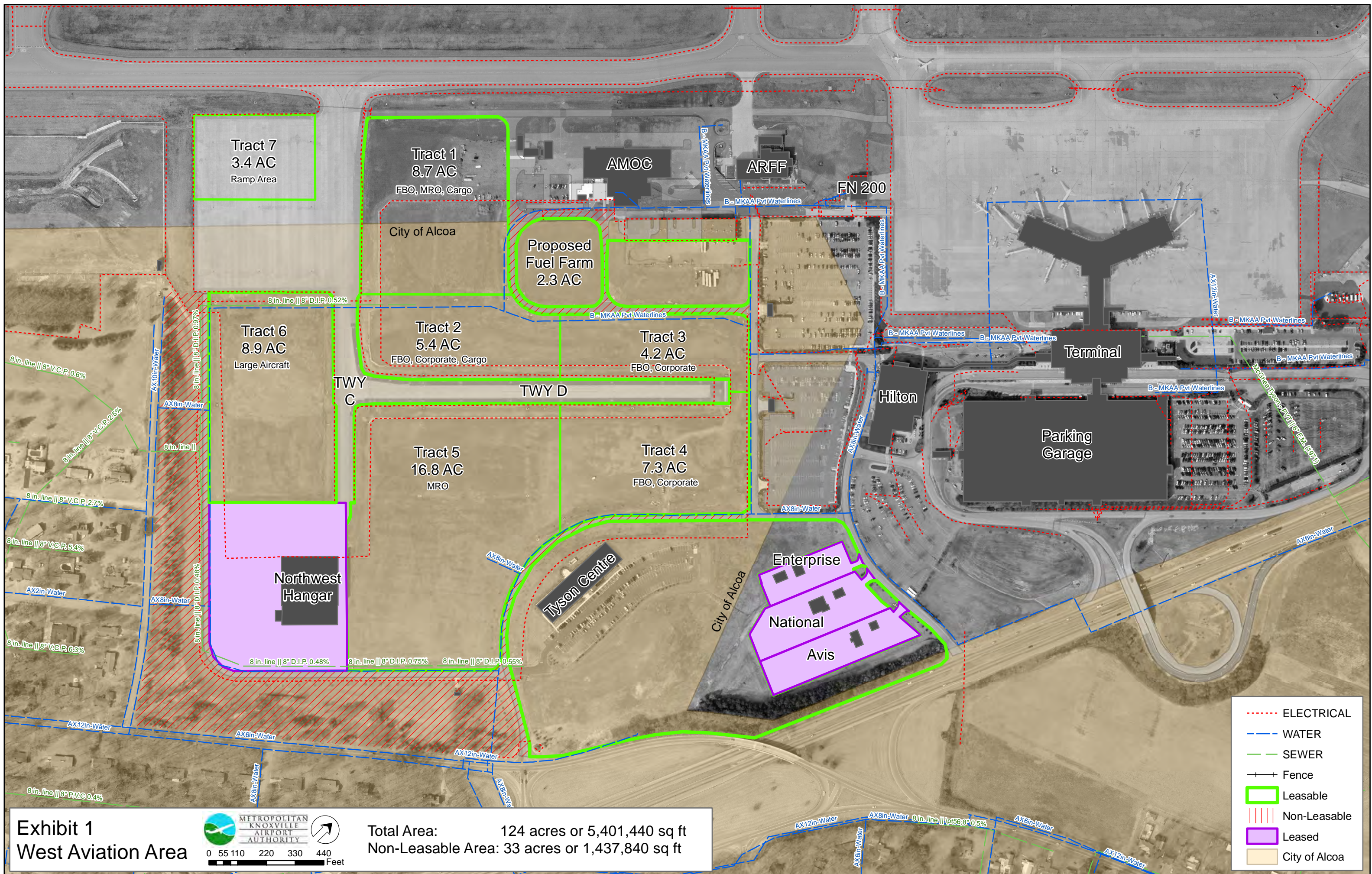
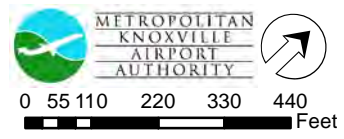


Exhibit 1
West Aviation Area



Total Area: 124 acres or 5,401,440 sq ft
 Non-Leasable Area: 33 acres or 1,437,840 sq ft

- - - ELECTRICAL
- WATER
- SEWER
- +— Fence
- Leasable
- Non-Leasable
- Leased
- City of Alcoa

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

EXHIBIT 2

Statistical Data

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY
 McGhee Tyson Airport

STATISTICAL DATA

FUEL VOLUMES FOR MCGHEE TYSON AIRPORT - gallons -							
	2007	2008	2009	2010	2011	2012	Daily Avg.
AvGas	318,439	264,722	231,890	235,816	213,947	181,862	498
JetA	3,318,575	2,891,888	2,292,686	2,569,091	2,555,154	2,595,378	7,111
Total Fuel Sold	3,637,014	3,156,610	2,524,576	2,804,907	2,769,101	2,777,240	7,609
Airline Fuel Pumped	14,973,704	14,668,515	13,614,720	14,748,971	13,673,808	12,218,828	33,476
Total Fuel Volume	18,610,718	17,825,125	16,139,296	17,553,878	16,442,909	14,996,068	41,085

CONTROL TOWER OPERATIONS FOR CALENDAR YEARS 2002 - 2012												
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Daily Avg.
AIR CARRIER OPERATIONS	10,390	9,735	9,211	8,904	7,180	8,791	10,265	10,007	9,705	8,328	8,150	22
AIR TAXI OPERATIONS	48,197	49,573	52,038	55,536	51,140	50,040	46,230	41,567	42,526	40,087	35,988	99
GENERAL AVIATION OPERATIONS	73,529	65,485	63,139	56,868	54,786	58,610	47,631	37,993	39,100	40,229	36,076	99
MILITARY OPERATIONS	17,207	14,846	15,083	16,568	19,070	16,293	17,554	14,706	15,679	19,113	25,591	70
TOTALS	149,323	139,639	139,471	137,876	132,176	133,734	121,680	104,273	107,010	107,757	105,805	290

TOTAL PASSENGERS FOR CALENDAR YEARS 2002 - 2012												
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Daily Avg.
TOTAL ENPLANEMENTS	718,799	716,350	806,240	924,175	841,385	913,886	869,802	842,533	851,442	888,155	876,483	2,401
TOTAL DEPLANEMENTS	711,078	711,302	800,837	921,316	835,047	909,074	873,141	838,091	838,595	885,516	870,662	2,385
TOTALS	1,429,877	1,427,652	1,607,077	1,845,491	1,676,432	1,822,960	1,742,943	1,680,624	1,690,037	1,773,671	1,747,145	4,787

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

EXHIBIT 3

**Minimum Standards for Commercial Aeronautical
Activities
at
McGhee Tyson Airport**

MINIMUM STANDARDS

FOR

COMMERCIAL

AERONAUTICAL ACTIVITIES

AT

MCGHEE TYSON AIRPORT
2055 Airport Highway
Alcoa, TN 37701

SEPTEMBER 18, 1996
(As amended 9/20/2000 and 2/12/2003 and 7/16/2008)

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY
McGHEE TYSON AIRPORT
P.O. BOX 15600
KNOXVILLE, TN 37901
865/342-3000
FAX 865-342-3050

TABLE OF CONTENTS

CHAPTER 1 INTRODUCTION	5
1.1 General.....	5
1.2 Definitions.....	5
1.3 Powers.....	7
1.4 Policy	7
1.5 Granting of Rights.....	7
1.6 Aviation Fees and Charges	8
1.7 Meaning of Terms.....	8
CHAPTER 2 GENERAL CONDITIONS	8
2.1 General.....	8
2.2 Application.....	8
2.4 Hazardous Materials/Environmental Indemnification.....	9
2.5 Insurance Requirements.....	9
2.6 Discrimination.....	10
2.8 Construction.....	10
2.9 Lights, Antennae and Signs	11
2.10 Right of Inspection.....	11
2.11 Alcoholic Beverage.....	11
2.12 Subletting and Assignment	11
2.13 Updates	11
2.14 Termination.....	11
CHAPTER 3 AIRCRAFT GROUND HANDLING SERVICES	11
3.1 Essential Services.....	12
3.2 Facilities	12
3.3 Hours of Operation	12
3.4 Personnel.....	12
3.5 Operating Procedures.....	12
3.6 Landing Fees.....	12
3.7 Hazards	13
3.8 Equipment.....	13
3.9 Tiedown Space.....	13
3.10 Insurance.....	13
CHAPTER 4 AIRCRAFT FUELING SERVICES	13
4.1 Essential Services.....	13
4.2 Service.....	13
4.3 Fuel Storage	13
4.4 Equipment.....	14
4.5 Personnel.....	14
4.6 Procedures.....	14
4.7 Fuel Flowage Fees.	14
4.8 Insurance	14
CHAPTER 5 AIRCRAFT REPAIR AND MAINTENANCE	15
5.1 Essential Services.....	15
5.2 Facilities.....	15
5.3 Hours of Operation	15
5.4 Certification	15

5.5 Equipment	15
5.6 Insurance	15
CHAPTER 6 RADIO AND INSTRUMENT SERVICES	15
6.1 Operating Agreement	16
6.2 Facilities	16
6.3 Hours of Operation	16
6.4 Certification	16
6.5 Equipment	16
6.6 Insurance	16
CHAPTER 7 AIRCRAFT CHARTER AND AIR TAXI SERVICE	16
7.1 Operating Agreement	16
7.2 Facilities	16
7.3 Customer	17
7.4 Certification	17
7.5 Insurance	17
CHAPTER 8 FLIGHT AND GROUND TRAINING INSTRUCTION	17
8.1 Operating Agreement	17
8.2 Facilities	17
8.3 Equipment	17
8.4 Supervision	17
8.5 Certification	17
8.6 Insurance	18
CHAPTER 9 COMMERCIAL FLIGHT AND RENTAL OPERATIONS	18
9.1 Definition	18
9.2 Operating Agreement	18
9.3 Facilities	18
9.4 Certification	18
9.5 Customers	18
9.6 Insurance	18
CHAPTER 10 AIRCRAFT SALES	18
10.1 Definition	18
10.2 Operating Agreement	19
10.3 Facilities	19
10.4 Customer	19
10.5 New Aircraft	19
10.6 Insurance	19
CHAPTER 11 LIMITED COMMERCIAL SERVICES	19
11.1 Definition	19
11.2 Terms and Conditions	19
11.3 Certification	20
11.4 Registration	20
11.5 Storage	20

11.6 Insurance	20
CHAPTER 12 FLYING CLUBS	20
12.1 Definition	20
12.2 Commercial Operation.....	20
12.3 Insurance.....	20
CHAPTER 13 AGRICULTURAL SPRAYING AND DUSTING	20
13.1 Prohibition.....	20
Exhibit 1.....	21
Exhibit 2.....	27

CHAPTER 1 INTRODUCTION

1.1 **General:** The McGhee Tyson Airport is owned and operated by the Metropolitan Knoxville Airport Authority, which was established under Chapter No. 174, Public Acts of Tennessee, 1969, and pursuant to Resolution No. R-63-78 of the Council of the City of Knoxville.

The Authority is governed by a Board of Commissioners who have the responsibility for the management, operation and maintenance of McGhee Tyson Airport. It is the purpose of this Board that aeronautical services and activities be rendered and engaged in by duly qualified operators and be conducted in a fair, equitable and safe manner. To fulfill this purpose these "Minimum Standards for Commercial Aeronautical Activities" were adopted by the Board on January 24, 1996, to supersede Ordinance No. 6192 of the City of Knoxville, and have been amended on September 20, 2000 and February 12, 2003.

1.2 **Definitions:**

- A. Aircraft Operations Area: Any area on the Airport within the perimeter fence barrier which encompasses aircraft movement and vehicle traffic necessary to support the aircraft.
- B. Airport: The McGhee Tyson Airport, owned and operated by the Metropolitan Knoxville Airport Authority.
- C. Applicant: A person who has requested the right from the Authority to engage in one or more aeronautical activities at the Airport.
- D. Authority: The Metropolitan Knoxville Airport Authority (MKAA).
- E. Based Aircraft: An aircraft which is owned, or held by virtue of a leasehold agreement, by a person who is currently leasing the space upon which the aircraft is parked, directly from the Authority, or by a person who is parking the aircraft in excess of 30 days in an area of the Airport leased by the Authority to an approved Fixed Base Operator (FBO)
- F. Essential Services: Those Commercial Aeronautical Activities which the operator of an aircraft not already based at McGhee Tyson Airport might expect to have available upon landing. These are Aircraft Fueling services, Ground Handling services, and Aircraft Repair and Maintenance.

As a condition for the right to engage in aircraft fueling services, an Operator must provide ALL of these Essential Services or must, upon the approval of the Authority enter into a contract with another person or corporation capable of providing any service not rendered directly by the Operator.

G. **General Fixed Base Operator:** Any person or organization authorized by the Authority to engage in a full range of aeronautical services which shall include as a minimum, the following:

1. Adequate and efficient ramp service by qualified line personnel. Hours of operation will be approved by the President.
2. Dispensing and sale of fuel, oil and lubricants for both piston and turbine engine aircraft.
3. Aircraft parking and tiedown including inside storage.
4. Office, lounge and restroom facilities.
5. Major and minor airframe and piston engine power plant maintenance and repairs, performed by duly qualified and licensed mechanics.
6. Provide for loading and unloading passengers and cargo, ground transportation availability and the collection of landing fees.

In addition to the Essential Services provided, a General Fixed Base Operator may engage in a variety of other aeronautical services as authorized by its lease or operating agreement with the Authority. Such services may be defined as follows:

- a. Aircraft Charter and/or FAA-Certified air taxi service
- b. Sale of aircraft parts and pilot supplies
- c. Sale of new and used aircraft as a qualified dealer
- d. Rental of aircraft
- e. Primary and/or advanced flight and/or ground training
- f. Other aeronautical activities and/or services for which there is a significant public demand as authorized by the Authority in the lease or operating agreement

H. **Limited Fixed Base Operator or Special Operator:** Any person or organization authorized by the Authority to engage in one or more of the activities and services outlined in these Minimum Standards. No Limited Fixed Base Operator or Special Operator shall be authorized to maintain a supply of aviation fuel for sale to the public or use in their own aircraft. This restriction shall not prohibit them from maintaining a supply of oil and lubricants necessary for the operation of their business.

Limited/Special Operators shall be completely governed by the same Minimum Standards as to any activity or service as a General Fixed Base Operator.

- I. **Operator**: An applicant which has been authorized to engage in activities on the Airport, either as a General or a Limited Fixed Base Operator.
- J. **President**: Chief administrator and executive officer of the Authority, whose office is located at:

Metropolitan Knoxville Airport Authority
McGhee Tyson Airport
2055 Airport Highway
Alcoa, TN 37701
Telephone (865) 342-3001

1.3 **Powers**: The Authority is empowered by the statutes of Tennessee to have control of, govern and operate the Airport, including the right and duty to contract with and regulate persons or corporations who provide goods and services necessary and incidental to the operation of the Airport, to establish and impose fees, rentals and other charges for the use of the Airport, and to preserve order and protect and provide for the safety, health and welfare of the public using the Airport. The Authority has the power and authority to regulate all commercial and private activities in order to ensure strict compliance with these Minimum Standards and all applicable laws and regulations.

1.4 **Policy**: The Authority, in recognition of the statutory prohibition against granting an exclusive right to conduct an aeronautical activity (or activities) on the Airport imposed by Section 308A of the Federal Airport Act (FAA Act of 1958) as it has been amended and/or replaced, and in keeping with the obligations contained in certain contracts between the Authority and the United States of America relative to the expenditure of federal funds for the development and operation of the Airport, desires that all aeronautical activities be conducted on the Airport in a fair and equitable manner.

1.5 **Granting of Rights**: No person shall use the property of the Airport for the purpose of conducting flight activity or furnishing any aeronautical service for compensation or hire, or engaging in any sale of aviation products or service without a contract, lease, license, permit or other written agreement with the Authority, and without meeting the requirements of these Minimum Standards for Commercial Aeronautical Activities. The granting of any such user rights by the Authority and their acceptance by an applicant establishes an obligation on the part of the applicant to be bound by these Minimum Standards, which remain subject to amendment by the Authority from time to time, during the entire term of the agreement.

No person shall engage in the sale of food, drink or any commodity, or offer service or solicit funds from the public at the Airport for any purpose, or post, distribute or display signs, advertisements, handbills, circulars, printed or written matter at the Airport, except with the written approval of the Authority, and upon conditions prescribed by the Authority and upon the payment of fees prescribed and agreed upon between the Authority and such person for such use.

1.6 **Aviation Fees and Charges:** No operator shall land or take off in aircraft on or from the Airport or operate a commercial or private business at the Airport without the payment of such fees and charges as are determined from time to time by the Authority. A listing of Aviation Fees and Charges is attached as Exhibit 2. Any revision of such fees and charges by the Authority will be published to all operators.

The President shall have the authority to detain aircraft or other assets for non-payment of charges due the Authority.

1.7 **Meaning of Terms:** The Authority reserves the right to define within reasonable limits any term or phrase herein contained whose meaning or intent may be unclear or unspecific.

CHAPTER 2 GENERAL CONDITIONS

2.1 **General:** Every General Fixed Base Operator, Limited Fixed Base Operator or Special Operator conducting an aeronautical activity or furnishing an aeronautical service on the Airport shall be required to fulfill the conditions set forth in Chapter 1 and in this Chapter 2, and shall in addition be subject to the specific requirements applicable to the specific activity or activities and/or service(s) as set forth in subsequent sections hereof. Operators conducting more than one activity and/or service or a combination of activities and services shall not be subject to duplicate requirements. Compliance with the more restrictive requirement shall suffice.

Any right granted by the Authority to an operator by reason of the incorporation of these Minimum Standards into an agreement, lease, permit, license or contract between the Authority and such operator or between the Authority and another operator as to whom the operator becomes a sub-lessee, sub-licensee or sub-contractor shall not continue beyond the expiration or termination of the contract or other agreement directly with the Authority.

2.2 **Application:** Any applicant desiring to conduct an aeronautical activity or furnish an aeronautical service on the Airport shall make written application to the Authority in the form attached as Exhibit 1, and shall provide such evidence of financial responsibility and technical ability as the Authority may require. A copy of these Minimum Standards shall be furnished to any person requesting an application. The application will be reviewed by the President or his/her appointee with the advice of legal counsel. The President shall determine whether or not the applicant meets or can reasonably be expected to meet the standards and qualifications set forth in these Minimum Standards and whether or not such application should be granted in whole or in part. After making his determination, the President shall order an agreement to be prepared by the Authority's legal counsel detailing the terms and operating conditions, and the fees or charges due the Authority. Such agreement will be subject to review by the Board of Commissioners of the Authority at a meeting open to public attendance, and put into effect if approved by the Board.

2.3 **Laws, Rules and Regulations:** In its application and in any operating agreement entered into with the Authority the applicant shall covenant and agree to comply with and be bound by all applicable laws, ordinances and regulations related to the operation of the Airport, specifically including the Rules and Regulations for the Use of Airports and Facilities published

by the Authority and as they may be amended from time to time, as well as any rules, policies, executive orders or directives which may be promulgated by the Authority or laws, regulations or directives of the FAA, or federal, state or local governmental authorities.

2.4 **Hazardous Materials/Environmental Indemnification:**

- A. The Applicant shall in its application and in any operating agreement entered into with the Authority covenant and agree to handle all Hazardous Materials (as the term is now or shall be in the future defined in the Authority's Rules and Regulations for the Use of Airports and Facilities) in strict accordance with the conditions set forth in said Rules and Regulations and in the FAA-approved McGhee Tyson Airport Certification Manual, Section 6.2.

- B. The Operator shall be required to indemnify the Authority, defend with counsel reasonable and acceptable to the Authority and hold the Authority free and harmless from any liabilities, damages, claims, penalties, fines, settlements, causes of action, cost or expense (including reasonable attorney's fees, environmental consultant and laboratory fees and the cost and expense of investigation in defending any claim or proceeding) resulting from or attributable to: (1) the presence, disposal, release or threatened release of any Hazardous Material that is on, from or affecting the leased premises, including the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (2) any personal injury (including wrongful death) or property damage (real or personal) arising out of or relating to the Hazardous Material; (3) any lawsuits or administrative order relating to the Hazardous Material; or (4) any violation of any laws applicable to the Hazardous Material. The terms of this paragraph shall apply only to Hazardous Material for which the operator is responsible under its Operating Agreement and the Rules and Regulations of the Authority.

2.5 **Insurance Requirements:** Any applicant approved to be an Operator shall be required, prior to beginning operations on the Airport, to obtain and furnish to the Authority proof of public liability insurance issued by a company reasonably approved by the Authority, such insurance to have a combined single limit for bodily injury, including accidental death, and property damage of a minimum of at least Ten Million Dollars (\$10,000,000) for each occurrence unless different limits are set out for the different categories of operations later in this document. Coverage must include products/completed operations liability. Additionally, Hangarkeeper's Legal Liability insurance is required with a minimum limit of at least \$5 Million each occurrence. All policy contracts shall be written by a company licensed to operate and operating in the State of Tennessee, must name the Metropolitan Knoxville Airport Authority and its commissioners, officers and employees as additional insureds and must contain an agreement by the insurer to provide 30 days advance written notice to the Authority before reducing the coverage, canceling the policy or allowing the policy to lapse. In addition, the Operator must insure its contractual liability to indemnify and hold harmless the Authority, its commissioners, officers and employees as set forth in its Operating Agreement. The Operator must at all times maintain on file in the office of the Authority's Vice President of Finance and

Administration a copy of any policy required to be provided or a certificate of such insurance indicating that the required insurance is currently in full force and effect.

2.6 **Discrimination:** Any Applicant approved to be an Operator covenants and agrees, as part of the consideration for his license, lease or permit to operate, for himself, his personal representatives, successors in interest and assigns, that:

- A. No person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Operator's facilities.
- B. That in the construction of any improvements on, over or under any land used in the Operator's operations and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation therein, denied the benefits thereof, or otherwise be subjected to discrimination.
- C. That the Operator shall use the 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.
- D. That in the event of breach of any of the above nondiscrimination covenants, the Authority shall have the right to terminate the license, lease or permit and to reenter and repossess said land and the facilities thereon and hold the same as if said license, lease or permit had never been made or issued. This provision shall not be effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including exercise or expiration of appeal rights.

2.7 **Licenses and Certificates:** No Operator may offer, engage or perform any activity or service covered by these Minimum Standards without obtaining the necessary license(s) or permit(s) required by any governmental unit or body having jurisdiction of such Operator or of such activity or service. All Operators shall at all times possess currently valid licenses and permits necessary to meet the requirements of these Minimum Standards, and shall maintain all such licenses and permits in an active status at their own expense. In the event necessary licenses or permits should expire or become otherwise invalidated, the right to conduct the particular activity shall be automatically rescinded.

2.8 **Construction:** No person shall initiate or engage in any construction, alteration or electrical wiring project within the Airport without first securing the written permission of the President or his/her appointee.

Any structures or facilities to be constructed, installed or placed upon said Airport shall conform to all the current safety regulations, building codes, and fire regulations of the State of Tennessee, the City of Knoxville or Blount County which may be applicable to the project.

Performance bonds and evidence of adequate liability insurance and fire insurance commensurate with the value of the construction are required and shall be furnished to the Authority before the work begins.

2.9 **Lights, Antennae and Signs:** No lights, antennae, signs, billboards or advertising signs upon the outside of any improvement on leased premises shall be installed without the written approval of the President or his/her appointee. The Authority shall have the right to install its own identifying signs and antennae on the outside of the premises.

2.10 **Right of Inspection:** The President or his/her appointee shall retain the right to enter premises used by an Operator conducting an activity on the Airport in order to inspect the property and to ensure compliance with these Minimum Standards.

2.11 **Alcoholic Beverage:** No alcoholic beverages shall be sold on lease premises.

2.12 **Subletting and Assignment:** No Operator under a lease, license, permit or other contract with the Authority may sublease, sublicense or assign any portion of the property or other rights granted, without the prior written approval of the President. In addition, any sublease or sublicense or assignment of property or rights to a commercial operator for the purpose of generating revenues from aeronautical activities or services at the Airport shall require the prior approval of the Board of Commissioners of the Authority. For the purpose of this section "sublease", "sublicense" or "assignment" shall include any arrangement by which the use of a portion of the leased premises is granted by an Operator to a third party. Any such subletting, sublicense or assignment shall be subject to these Minimum Standards.

2.13 **Updates:** The Authority reserves the right to review and supplement, amend or otherwise modify these Minimum Standards from time to time, in such manner and to such extent as the Authority may deem proper.

2.14 **Termination:** Violation of or failure to observe the terms and conditions of these Minimum Standards may, at the sole option of the Authority, result in termination of user, property or other rights granted to the Operator, removal of the Operator from the Airport and/or barring such Operator from the use of the Airport and its facilities.

CHAPTER 3

AIRCRAFT GROUND HANDLING SERVICES

Any applicant proposing to offer aircraft ground handling services at the Airport shall, upon approval as an operator, be required to:

3.1 **Essential Services:** Enter into a Fixed Base Operator agreement with the Authority and, either with their own personnel or through an agreement with another authorized Operator, capable of providing such service, provide all Essential Services herein defined.

3.2 **Facilities:** Lease from the Authority a minimum of 200,000 square feet of land adequately improved to the satisfaction of the Authority. The improvements shall include:

- A. Adequate paved ramp area for the safe parking and movement of transient aircraft and for conducting such services as fueling, oil changes, tire inflation, aircraft washing and other services not requiring a certified mechanic's rating.
- B. Adequate paved aircraft tiedown space for the level of service contemplated.
- C. Adequate space for indoor storage of aircraft to meet the level of service contemplated.
- D. Adequate office space for a customer service area, pilot lounge, restrooms, public telephones and administrative offices for the level of service contemplated.
- E. Adequate provision for vehicle access from public highways, customer and employee automobile parking, and the safe movement of pedestrians in the area.

3.3 **Hours of Operation:** Hours of operation will be as approved by the President.

3.4 **Personnel:** Provide uniformed ramp personnel who have been properly trained to safely direct incoming aircraft to parking, fueling, tiedown or hangar area for convenience and safety of transient and local based aircraft.

3.5 **Operating Procedures:** Establish, engage in and enforce operating procedures which conform to recommendations and standards set forth in current Federal Aviation Administration Advisory Circular 00-34A entitled "Aircraft Ground Handling and Servicing" and applicable standards set forth by the National Fire Protection Association.

3.6 **Landing Fees:** Collect landing fees as prescribed by the Authority (Operations Policy 88-1 or as same may be amended from time to time) from all aircraft entering the Operator's leased area and from all such aircraft for whom services are provided at other areas of the Airport which do not have an agreement with the Authority or have not made arrangements to pay directly to the Authority, maintain a record of the aircraft tail number, date and amount collected, and remit the fees to the Authority monthly, less any standard administrative charges authorized by the Authority. The Operator shall advise the President or his/her assignee of any aircraft whose operator refuses to pay, or make satisfactory arrangements for payment of landing fees. The President shall have the authority to detain such aircraft.

3.7 **Hazards:** Maintain all surfaces free of foreign objects and debris hazards which could cause damage to aircraft or engines by conforming to FAA Advisory Circular 150/5380-5 entitled "Debris Hazards at Civil Airports." Remove unsightly "junk" aircraft and equipment from the Airport.

3.8 **Equipment:** Possess adequate equipment for moving, preheating, starting and otherwise servicing the number and type of aircraft contemplated.

3.9 **Tiedown Space:** Install suitable aircraft tiedown anchors, ropes, chocks, markings and spacings for based aircraft, and notify the Authority of the name and address of each owner of a based aircraft, including the manufacturer, model and tail number of each based aircraft.

3.10 **Insurance:** The insurance coverage required for this type of operation shall be at least Ten Million Dollars (\$10,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability. Coverage must include products/completed operations liability; additionally, Hangarkeeper's Legal Liability insurance is required with a limit of at least \$5 Million each occurrence

CHAPTER 4 AIRCRAFT FUELING SERVICES

Any applicant proposing to offer aircraft fueling services at the Airport shall, upon approval as an Operator, be required to:

4.1 **Essential Services:** Enter into a Fixed Base Operator agreement with the Authority or enter into an agreement with a duly authorized Fixed Base Operator to provide Aircraft Fueling Services on behalf of that Operator.

4.2 **Service:** Delivery of a recognized brand of aviation petroleum products required in the operation of all types of aircraft normally frequenting the Airport.

4.3 **Fuel Storage:**

- A. Operate or have immediately available for operation a fuel tank storage area on land leased directly from the Authority. Said facility shall be of adequate size to meet the anticipated demands of the fueler and shall be equipped with a distribution system which meets all applicable federal, state, local and the National Fire Protection Association safety codes.
- B. All fuel storage tanks shall be installed, operated and maintained by the Fixed Base Operator in accordance with the Environmental Laws as defined in the Rules and Regulations of the Authority and with the operative provisions of Section 1.9 of those Rules and Regulations as the same may be amended from time to time, all as set out in more detail in paragraph 2.3 of the General Conditions of this document.

- C. The Operator must agree, at the normal conclusion of its lease, or at earlier termination by either party, to remove the facility and restore the area to the condition which it existed at the commencement of the lease. This shall include, but not be limited to, removal and disposal of all contaminated materials and restoration of the site to an environmentally acceptable condition, in accordance with the Rules and Regulations cited above.

4.4 **Equipment:** Own or lease fuel dispensing truck(s) clearly marked and labeled to indicate type and grade of fuel with adequate and appropriate filtering devices, meters, grounding cables and of sufficient capacity to refuel the largest aircraft the fueler expects to serve.

4.5 **Personnel:** Employ only personnel who have been properly trained and are certified and qualified to operate the equipment in use.

4.6 **Procedures:** Establish, engage in and enforce operating procedures which conform to recommendations and standards which are set forth in current Federal Aviation Administration Advisory Circular 150/5230-4 entitled "Aircraft Fuel Storage, Handling and Dispensing on Airports", the National Fire Protection Association's "Standard for Aircraft Fueling" and fueling standards set forth in FAR Part 139. Furthermore, the Operator shall abide by Airport Rules and Regulations regarding the operation of motor vehicles, fire prevention and the conduct of fueling services.

4.7 **Fuel Flowage Fees:** Submit a monthly report of fuel sales and remit to the Authority the applicable fuel flowage fee for all aviation fuel delivered. A fuel flowage fee, in the amount set by Authority's Board of Commissioners in its sole discretion from time to time, shall be assessed for fuel delivered into the Fixed Base Operator's own aircraft, or for fuel obtained by the owner or operator of an aircraft from a source other than the Fixed Base Operator and delivered to said aircraft while on the Airport. The Operator will keep the delivery ticket (bill of lading) for each delivery of aviation fuel for a minimum of three (3) years and make them available for audit by the Authority upon request.

4.8 **Insurance:** The insurance coverage required for this type of operation shall be Five Million Dollars (\$5,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability. Coverage must include products/completed operations liability; additionally, Hangarkeeper's Legal Liability insurance is required, with a minimum limit of at least \$5 Million each occurrence.

4.9 **Owner Self-fueling:** The owner or operator of an aircraft who desires to self-fuel the aircraft while on the Airport must obtain a permit from the Authority, and must demonstrate compliance with all of the requirements of paragraphs 4.4 through 4.7 above, and must provide proof of insurance coverage in an amount set by the Authority, before undertaking to self-fuel the aircraft.

CHAPTER 5 AIRCRAFT REPAIR AND MAINTENANCE

Any applicant proposing to offer aircraft repair and maintenance services at the Airport shall, upon approval as an Operator, be required to demonstrate compliance with Federal Aviation Regulations, Part 145 and in addition, to:

5.1 **Essential Services:** Enter into a Fixed Base Operator agreement with the Authority or enter into an agreement with a duly authorized Fixed Base Operator to provide Aircraft Repair and Maintenance in behalf of that Fixed Base Operator at the Airport.

5.2 **Facilities:** Lease from the Authority or have immediately available for use by agreement with a duly authorized Fixed Base Operator adequate shop area for the type of repair and maintenance for which the repair station is rated, and the service being performed. No major services involving the removal, assembly or disassembly of an engine or major aircraft component are to be conducted except in an area and manner approved by the Authority. Facilities for cleaning aircraft and aircraft parts undergoing maintenance and repairs shall be provided. Aircraft undergoing repairs, and to be in a non-airworthy condition for more than 30 days, shall be screened from public view. Aircraft shall not be stored for salvage operations.

5.3 **Hours of Operation:** Hours of operation will be as approved by the President.

5.4 **Certification:** Maintain an FAA certificate for an aircraft repair station, with duly qualified and licensed mechanics, with appropriate rating for the services to be offered.

5.5 **Equipment:** Provide sufficient equipment, supplies and parts to perform services for which the station is rated, and in accordance with manufacturer's recommendations of authorized aircraft, power plants and accessories.

5.6 **Insurance:** The insurance coverage required for this type of operation shall be as follows:

Category A. For an on-airport repair station maintaining aircraft of less than 12,500 pounds gross weight located away from the main passenger terminal, at least Two Million Dollars (\$2,000,000) public liability and products/completed operations liability, combined single limit liability, including bodily injury and property damage. Additionally, Hangarkeeper's Legal Liability insurance is required with a minimum limit of at least Two Million Dollars (\$2,000,000) each accident, if the Operator leases hangar space on the Airport.

Category B. For an on-airport repair station maintaining aircraft of more than 12,500 pounds gross weight, or maintaining aircraft of less than 12,500 pounds gross weight located at the main passenger terminal, at least Five Million Dollars (\$5,000,000) public liability and products/completed operations liability, combined single limit, including bodily injury and property damage. Additionally, Hangarkeeper's Legal Liability insurance is required with a minimum limit of at least Ten Million Dollars (\$10,000,000) each accident, if the Operator leases hangar space on the Airport.

CHAPTER 6

RADIO AND INSTRUMENT SERVICES

Any applicant proposing to offer radio and instrument services at the Airport shall, upon approval as an Operator, be required to:

6.1 **Operating Agreement:** Enter into an Limited Fixed Base Operator agreement with the Authority providing the services herein defined and paying fees and charges as prescribed.

6.2 **Facilities:** Lease from the Authority or have immediately available for its exclusive use from a duly authorized Fixed Base Operator adequate shop area to be used for radio and/or instrument repairs and maintenance. Operator shall also provide or have immediately available during normal hours of operation customer service desk, restroom facilities and public telephone within easy walking distance of the shop itself.

6.3 **Hours of Operation:** Hours of operation will be as approved by the President.

6.4 **Certification:** Obtain and continue to hold for the duration of the permit, FAA approved repair station certification for the services so offered, and employ qualified technicians holding necessary FAA and/or FCC licenses to efficiently perform the various radio and/or instrument services so offered.

6.5 **Equipment:** Provide sufficient equipment, supplies and parts to perform the installations, calibrations and services required by the FAA and/or the FCC and required or recommended by major manufacturers.

6.6 **Insurance:** The insurance coverage required for this type of operation shall be Two Million Dollars (\$2,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability. Coverage must include products/completed operations liability; additionally, Hangarkeeper's Legal Liability insurance is required, with a minimum limit of at least \$1 Million each occurrence.

CHAPTER 7

AIRCRAFT CHARTER AND AIR TAXI SERVICE

Any applicant proposing to offer aircraft charter and air taxi services at the Airport shall upon approval as an Operator, be required to:

7.1 **Operating Agreement:** Enter into a Limited Fixed Base Operator agreement with the Authority for providing the services herein defined and paying fees and charges as prescribed.

7.2 **Facilities:** Provide a clean heated and air conditioned lounge or waiting room(s) for passengers with restrooms and public telephones exclusive or in common with other

operators. Hangar or tiedown space adequate for the type of operation proposed shall be leased from either the Authority or a duly authorized Fixed Base Operator.

7.3 **Customer:** Loading and unloading of all aircraft engaged for compensation or hire shall take place in designated loading zones which offer safe passage of customers within the Aircraft Operations Area.

7.4 **Certification:** The owner and any other operator of an aircraft engaged for hire, and the aircraft which is used for Aircraft Charter and/or Air Taxi Service and is based at the McGhee Tyson Airport, shall meet all of the requirements of the Federal Air Regulations and hold appropriate FAA certification for the conduct of the flight activity being provided.

7.5 **Insurance:** (a) The insurance coverage required for Aircraft Liability shall be Five Million Dollars (\$5,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability, including passenger liability. (b) The insurance coverage required for Premises Liability shall be One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability.

CHAPTER 8

FLIGHT AND GROUND TRAINING INSTRUCTION

Any applicant proposing to offer flight and ground training instruction services at the Airport shall, upon approval as an Operator, be required to:

8.1 **Operating Agreement:** Enter into a Limited Fixed Base Operator agreement with the Authority for providing the services herein defined and paying fees and charges as prescribed.

8.2 **Facilities:** Provide adequate classroom space for the number of students being trained with restroom facilities available.

8.3 **Equipment:** Provide at least one dual controls-equipped single engine aircraft properly equipped and maintained for flight instruction and such additional aircraft as may be required to give each of the types of flight instruction offered by the operator. Adequate mock-ups, pictures, slides, film strips or other visual aids (and manuals, training syllabuses, computers and other materials available for sale to the student trainees) necessary to provide proper ground school training and instruction shall be available.

8.4 **Supervision:** Students shall be supervised by an instructor properly certified by the FAA at all times.

8.5 **Certification:** At least one (1) flight and ground school instructor properly certificated by the FAA shall be provided. The Operator shall meet all the requirements of the Federal Air Regulations and hold appropriate FAA certification for the conduct of the flight activity being provided.

8.6 **Insurance**: The insurance coverage required for this type of operation shall be One Million Dollars (\$1,000,000) each occurrence, bodily injury and property damage, including passenger liability limited to \$200,000 any one passenger.

CHAPTER 9 COMMERCIAL FLIGHT AND RENTAL OPERATIONS

9.1 **Definition**: Commercial flight operations pertain to the use of a based aircraft for compensation or hire. For the purposes of this section a person who owns or operates a based aircraft solely for his/her own personal or business pursuit and who at no time uses or provides that aircraft for compensation or hire to another person, shall not be considered to be engaging in a commercial flight operation.

Any applicant proposing to offer commercial flight operations at the Airport shall, upon approval as an Operator, be required to:

9.2 **Operating Agreement**: Enter into a Limited Fixed Base Operator agreement with the Authority for providing the services herein defined and paying fees and charges as prescribed.

9.3 **Facilities**: Applicant shall either lease from the Authority or a duly authorized Fixed Base Operator adequate facilities for the type of service performed.

9.4 **Certification**: The owner and any other operator of an aircraft engaged for hire, and the aircraft which is used for a commercial flight operation and is based at the McGhee Tyson Airport, shall meet all of the requirements of the Federal Air Regulations and hold appropriate FAA certification for the conduct of the flight activity being provided.

9.5 **Customers**: Loading and unloading of all aircraft engaged for compensation or hire shall take place in designated loading zones which offer safe passage of customers within the Aircraft Operations Area.

9.6 **Insurance**: The insurance coverage required for this type of operation shall be at least One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability, including passenger liability limited to \$200,000 any one (1) passenger.

CHAPTER 10 AIRCRAFT SALES

10.1 **Definition**: A commercial aircraft sale is the sale of a newly manufactured aircraft, or the sale of any used aircraft not owned by the Applicant, or the sale of more than one aircraft per year which is owned by the Applicant.

Any applicant proposing to offer aircraft sales and rental services at the Airport shall, upon approval as an Operator, be required to:

10.2 **Operating Agreement**: Enter into a Limited Fixed Base Operator agreement with the Authority for providing the services herein defined and paying fees and charges as prescribed.

10.3 **Facilities**: Adequate office and hangar or tiedown space shall be leased from either the Authority or a duly authorized Fixed Base Operator.

10.4 **Customer**: Customer access shall be limited to designated zones which offer safe passage of customers within the Aircraft Operations Area.

10.5 **New Aircraft**: Dealers of new aircraft shall hold a manufacturer's franchise or license and shall have available or on call one (1) current model demonstrator. The dealer shall provide for adequate servicing of aircraft during the warranty period, and shall maintain a supply of accessories and parts for the type of aircraft sold.

10.6 **Insurance**: The insurance coverage required for this type of operation shall be at least One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability, including passenger liability limited to \$200,000 any one (1) passenger.

CHAPTER 11

LIMITED COMMERCIAL SERVICES

11.1 **Definition**: Limited commercial services by based aircraft shall include, but not be limited to:

- A. Aerial work operations specifically identified within and excluded from FAR Part 135.
- B. Non-stop sightseeing flights for hire that begin and end at McGhee Tyson Airport.
- C. Aircraft ferry for hire.
- D. Banner Towing
- E. Any other activity for hire for which the FAA prescribes rules governing the operation thereof.

11.2 **Terms and Conditions**: Commercial flight activities, not otherwise provided for herein, may be conducted upon application to and approval of the President. Reasonable terms and conditions for the privilege of engaging in these other services will be commensurate with the nature and scope of the activity which is contemplated, with consideration given to availability of suitable facilities.

The applicant proposing to offer limited commercial services at the Airport shall, upon approval as an operator, be required to:

11.3 **Certification**: Establish to the satisfaction of the Authority that the aircraft and the personnel operating the aircraft hold the appropriate current ratings/certifications to engage in The activity being contemplated.

11.4 **Registration**: Register the aircraft at the office of the Vice President of Finance and Administration, obtain permission for the activity proposed, and pay the fee prescribed by the Authority.

11.5 **Storage**: Adequate space shall be leased from either the Authority or a duly authorized Fixed Base Operator.

11.6 **Insurance**: The insurance coverage required for this type of operation shall be at least One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability, including passenger liability limited to \$200,000 any one (1) passenger.

CHAPTER 12 FLYING CLUBS

12.1 **Definition**: “Flying Club” shall be defined as a non-profit corporation whose officers are elected regularly by the membership, and whose members are bound by a Charter and by-laws for the sole purpose of engaging in non-commercial aeronautical activities in aircraft owned or exclusively operated by the membership. Flight instruction provided by club members for other club members is not regarded as commercial in nature as long as there is no profit-for-hire motive in the operation. Dual instruction and/or rental to non-members is considered to be operations under Chapter 9. hereof.

12.2 **Commercial Operation**: Flying Clubs operating at the Airport shall be required to make such information regarding the nature of their operation available to the Vice President of Finance and Administration as he deems necessary for determining if the operation is commercial in nature. If the operation is determined to be commercial in nature, the applicable section(s) of these Minimum Standards will apply.

12.3 **Insurance**: The insurance coverage required for this type of operation shall be One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, including accidental death, and property damage liability, including passenger liability limited to \$200,000 any one (1) passenger.

CHAPTER 13 AGRICULTURAL SPRAYING AND DUSTING

13.1 **Prohibition**: Crop spraying and dusting of agricultural chemicals shall not be permitted to take place using the Airport as a base of operations. This restriction shall not apply to insect/pest control aerial spraying by a bonafide governmental unit or agency undertaken for the protection of the public. Such governmental units or agencies shall obtain the permission of the President prior to initiating these activities.

EXHIBIT 1

January 24, 1996

MCGHEE TYSON AIRPORT
METROPOLITAN KNOXVILLE AIRPORT AUTHORITY
AVIATION SERVICE APPLICATION

INSTRUCTIONS

Complete all questions and provide all attachments which are applicable to your company. Put 'N/A' in those questions which do not apply.

A. Company Information:

1. Company-Name: _____

Address: _____

Telephone Number: _____

2. Nature of Company structure (proprietorship, partnership, public, private or non-profit corporation, LLC or LLP)

(If Incorporated, attach a copy of the Certificate of Incorporation.)

3. Owners or Shareholders:

NAME	ADDRESS	PERCENT OWNERSHIP
------	---------	-------------------

4. Key Management Personnel:

	NAME	ADDRESS	PHONE
President:	_____	_____	_____
Operations:	_____	_____	_____
Finance:	_____	_____	_____
Maintenance:	_____	_____	_____
Station Manager:	_____	_____	_____
Other:	_____	_____	_____

Contact in case of emergency (name and phone number):

5. List names and personal, business and, if applicable, professional qualifications of the persons involved in operating the business or activity:

NAME	QUALIFICATIONS
_____	_____
_____	_____
_____	_____
_____	_____

(1) Brief description of the company (nature of business or activity, number of years in operation, recent changes, goals, etc.):

B. Financial Responsibility:

1. Current Balance Sheet and Income Statement. (Attach)

2. List a minimum of three financial references (principal creditors and/or financial institutions)

NAME	ADDRESS	PHONE

3. Primary Bank Operating Account:

Name: _____

Address: _____

Phone number: _____

Account or Loan Officer: _____

C. Proof of Insurance:

Attach a certificate of Insurance or Letter of Intent from an insurance company prepared to write the coverage specified in these minimum standards for the type of activity proposed. (Attach)

NOTE:

1. All policies must name the Metropolitan Knoxville Airport Authority and its commissioners, officers and employees as additional insureds.
2. Operator agrees to ensure its contractual liability to indemnify and hold harmless the Authority, its commissioners, officers and employees, as set forth in its operating agreement.
3. Operator will keep a current copy of any and all policies or certificate of insurance on file with the Vice President of Finance and Administration, and provide 30 day written notice of cancellation of coverage.

D. Operations:

1. Brief description of operations or services planned:

2. Requested or proposed date of commencement of activity:

3. Proof of operating authority. (Attach a copy of operating certificate)

4. Location(s) and facilities on the Airport from which services are to be offered:

5. Additional Airport facilities expected to be required:

6. Arrangements for providing operating facilities (FBO sublease, MKAA, other)

7. List a minimum of three (3) references as to the technical ability of the principals and/or principal employees to conduct the proposed business or activity:

NAME	ADDRESS	PHONE
------	---------	-------

8. Scheduled Air Carrier, Cargo Operator or Air Taxi information:

a. Complete schedule (existing and proposed) at the Airport. (Attach)

(1) Flight numbers and itineraries:

(2) Departure and arrival times:

b. Aircraft type:

c. Planned time at gate and/or apron area between flights at the Airport:

d. Facility requirements at the Airport:

(1) Fuel supplier: _____

(2) Required gate (ramp) area:

(3) Maintenance facilities:

e. Description of arrangements for services at the Airport (If services will be provided by contract, attach a copy of agreement)

(1) Ticketing and checking in:

(2) Aircraft servicing:

(3) Baggage handling:

(4) Cargo handling:

(5) Gate Security:

(6) Public Address System:

f. Number of Station employees at the Airport:

g. Number of pilots by rating:

NUMBER OF PILOTS	RATING
_____	_____
_____	_____
_____	_____
_____	_____

I authorize the Metropolitan Knoxville Airport Authority to investigate and verify the information provided and to request and obtain such additional information from other sources relative to applicant and its principals and principal officers as the Metropolitan Knoxville Airport Authority may deem necessary in order to fully and properly evaluate this application. I certify that all the information provided is true and correct as to the best of my knowledge.

Signature: _____

Name: _____

Title: _____

EXHIBIT 2

July 1, 2008

MCGHEE TYSON AIRPORT
METROPOLITAN KNOXVILLE AIRPORT AUTHORITY
AVIATION FEES AND CHARGES

Fees and charges payable by General Fixed Base Operators shall be set by contract with the **Authority**. The following fees and charges will be payable to the **Authority** by Limited Fixed Base Operators and/or other commercial operators for the right to conduct aeronautical activities at McGhee Tyson Airport:

<u>Services</u>	<u>Fee</u>
Aircraft Ground Handling and Fueling Services	These services shall be provided by General Fixed Base Operators only. Fees and charges shall be set by contract with the Airport Authority.
Aircraft Repair and Maintenance, Radio and Instrument Services, Aircraft Charter and Air Taxi, Flight and Ground Training, Aircraft Rental, Aircraft Sales and Other Commercial Services <i>(including, without limitation, ticketing and check-in, aircraft servicing, baggage handling or cargo handling for scheduled passenger or freight carriers).</i>	Permit Fee \$500 first year, \$100 annually thereafter (only one fee will be charged an operator engaged in one or more of these services)

NOTE:

This schedule of fees is not applicable to scheduled passenger and/or freight air carriers. Fees for scheduled air carriers will be set by contract. Airlines and/or other operators that have an agreement with the Airport Authority covering their operations at the airport are exempt from the permit requirement. Excluded from these fees are Flying Clubs and all military, federal, and state owned or operated aircraft (this exclusion does not include contract operators for these governmental units). Landing fees for non-signatory commercial operators will be charged according to Metropolitan Knoxville Airport Authority's operations Policy 88-1, as may be updated from time to time.

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

FBO/FUEL FARM

REQUEST FOR PROPOSALS

EXHIBIT 4

**Rules and Regulations
for
Use of Airports and Facilities
at
McGhee Tyson Airport**

Rules and Regulations

FOR THE USE OF AIRPORTS AND FACILITIES

McGhee Tyson Airport



METROPOLITAN

KNOXVILLE

AIRPORT

AUTHORITY

The rules and regulations contained herein are established to serve as policy for the safe and efficient operation of McGhee Tyson Airport located in Knoxville, Tennessee by the Metropolitan Knoxville Airport Authority.

Should any part of these rules conflict with federal, state or local government law or ordinance, then such federal, state or local government authority takes precedence. These rules shall in no way supersede or abrogate regulations set forth in FAA FAR (Federal Aviation Regulation) Part 139, CERTIFICATION AND OPERATIONS OF AIRPORTS, nor FAA FAR Part 107, AIRPORT SECURITY.

TABLE OF CONTENTS

1.1 GENERAL

1.2 DEFINITIONS

- 1.2.1 "AIRPORT"
- 1.2.2 "PRESIDENT or DESIGNATED REPRESENTATIVE"
- 1.2.3 "VICE PRESIDENT OF AIRPORT OPERATIONS or DESIGNATED REPRESENTATIVE"
- 1.2.4 "FUEL HANDLING"
- 1.2.5 "OPERATIONAL AREA"
- 1.2.6 "PERSON"
- 1.2.7 "TENANT"

1.3 USE OF THE AIRPORT

- 1.3.1 AUTHORITY
- 1.3.2 PUBLIC USE
- 1.3.3 COMMERCIAL USE
- 1.3.4 SCHEDULED OPERATIONS
- 1.3.5 SUPPLEMENTAL DOCUMENTS

1.4 GENERAL RULES AND REGULATIONS

- 1.4.1 OPERATIONAL AREA OCCUPANCY
- 1.4.2 PARKING AND STORAGE
- 1.4.3 MANAGEMENT OF PUBLIC
- 1.4.4 REMOVAL FROM AIRPORT
- 1.4.5 VIOLATIONS
- 1.4.6 ADVERTISEMENTS
- 1.4.7 REFUSE

1.5 MOTOR VEHICLE REGULATIONS

- 1.5.1 VEHICLES ON THE AIRPORT
- 1.5.2 VEHICLE AND OPERATOR LICENSES
- 1.5.3 VEHICLE SPEED
- 1.5.4 PARKING
- 1.5.5 TOWING
- 1.5.6 REPORT OF VEHICLE ACCIDENT

1.6 AIRCRAFT REGULATIONS

- 1.6.1 LANDING FEES
- 1.6.2 FLYING CLUBS
- 1.6.3 AIRCRAFT ACCIDENT REPORT
- 1.6.4 STORAGE AREAS

- 1.6.5 PROPERTY DAMAGE
- 1.6.6 PERSONS ON LANDING AREA
- 1.6.7 OBSERVANCE OF GOVERNMENT RULES
- 1.6.8 MANNER OF OPERATION
- 1.6.9 AUTHORIZED AREAS
- 1.6.10 AIRCRAFT MOVING
- 1.6.11 TAXIING
- 1.6.12 RUNUPS
- 1.6.13 DISABLED AIRCRAFT
- 1.6.14 HAZARDOUS AIRCRAFT OPERATIONS
- 1.6.15 NON-PAYMENT OF CHARGES
- 1.6.16 REPAIRS
- 1.6.17 TWO-WAY RADIOS
- 1.6.18 RAMP PARKING

1.7 FIRE PREVENTION

- 1.7.1 SMOKING
- 1.7.2 OPEN FLAMES
- 1.7.3 GOOD HOUSEKEEPING
- 1.7.4 FLAMMABLE MATERIAL
- 1.7.5 PARTS CLEANING
- 1.7.6 EXTINGUISHERS
- 1.7.7 MAINTENANCE LIGHTS
- 1.7.8 HEATING ENGINES
- 1.7.9 FIRE CODE COMPLIANCE
- 1.7.10 PERIODIC INSPECTIONS

1.8 AIR TRAFFIC RULES

- 1.8.1 LANDINGS AND TAKEOFFS
- 1.8.2 REQUEST LANDING OR TAKEOFF

1.9 ENVIRONMENTAL OBLIGATIONS OF TENANTS

- 1.9.1 DEFINITIONS
 - 1.9.1.1 ENVIRONMENTAL LAWS
 - 1.9.1.2 HAZARDOUS MATERIAL(S)
 - 1.9.1.3 LEASE
 - 1.9.1.4 PREMISES
- 1.9.2 TENANT'S ACTIVITIES
 - 1.9.2.1 COMPLIANCE WITH LAWS
 - 1.9.2.2 RESTRICTIONS ON CERTAIN USES
 - 1.9.2.2.1
 - 1.9.2.2.2
 - 1.9.2.3 NOTICES TO AUTHORITY
 - 1.9.2.3.1

- 1.9.2.3.2
 - 1.9.2.3.3
 - 1.9.2.4 DISPOSAL
 - 1.9.2.5 ACTIONS AND PROCEDURES
 - 1.9.2.5.1
 - 1.9.2.5.2
 - 1.9.2.6 STORAGE TANKS
 - 1.9.2.6.1
 - 1.9.2.6.2
- 1.9.3 ASSURANCE OF PERFORMANCE
 - 1.9.3.1 ENVIRONMENTAL AUDITS
 - 1.9.3.1.1 COSTS AND EXPENSES
 - 1.9.3.1.2 REMEDIAL ACTION
- 1.9.4 TERMINATION OF LEASE

CHAPTER 1

RULES AND REGULATIONS

1.1 GENERAL

McGhee Tyson Airport is operated by the Metropolitan Knoxville Airport Authority (the Authority), which has established and shall enforce these Rules and Regulations.

1.2 DEFINITIONS

Unless from the context a different meaning is apparent and used in these Rules and Regulations, the terms hereinafter used shall be defined as follows:

- 1.2.1 "AIRPORT" shall mean McGhee Tyson Airport in Blount County, Tennessee.
- 1.2.2 "PRESIDENT or DESIGNATED REPRESENTATIVE" shall mean the chief executive and administrative officer of the Airport Authority.
- 1.2.3 "VICE PRESIDENT OF AIRPORT OPERATIONS or DESIGNATED REPRESENTATIVE" shall mean the officer having management supervision of the Airport.
- 1.2.4 "FUEL HANDLING" shall mean the transportation, delivering, fueling, and draining of aircraft fuel.
- 1.2.5 "OPERATIONAL AREA" shall mean any area on the Airport which encompasses aircraft movements and vehicle traffic necessary to support the aircraft.
- 1.2.6 "PERSON" shall mean an individual, partnership, firm, association, or corporation.
- 1.2.7 "TENANT" shall mean a person who has entered into a lease and/or an operating agreement with the Authority for occupancy of, or operation on and from an Airport.

1.3 USE OF THE AIRPORT

1.3.1 AUTHORITY

Any permission granted by the President, or his designated representative, directly or indirectly, expressly or by implication, to any person or persons to enter or use the Airport or any portion thereof, (including aircraft operators, crew members and

passengers, spectators, sightseers, pleasure and commercial vehicles, officers and employees of lessee and other persons occupying space on the Airport, persons doing business with the Airport management, its lessees, sublessees and permittees and all other persons whatsoever, whether or not of the type indicated), is conditioned upon compliance with these Rules and Regulations; and entry upon or into the Airport by a person shall be deemed to constitute an agreement to comply with said Rules and Regulations.

1.3.2 PUBLIC USE

The landing area is open to aircraft, in accordance with the rules and regulations governing the operation of aircraft and the conduct of aircraft as promulgated by the appropriate agencies of the United States Government and the State of Tennessee and the Metropolitan Knoxville Airport Authority.

1.3.3 COMMERCIAL USE

No person shall carry on any commercial activity on the Airport without the consent of the Metropolitan Knoxville Airport Authority or its representatives.

1.3.4 SCHEDULED OPERATORS

A person holding a lease or permit for the scheduled operation of aircraft on the Airport, or using the Airport as an alternate, must cause their operation to transpire through the terminal building, or such other building as may be designated by the Metropolitan Knoxville Airport Authority as the terminal point, and a monthly record of the volume of their activity shall be submitted to the President in writing.

1.3.5 SUPPLEMENTAL DOCUMENTS

The following documents contain policies and procedures issued by the President or his designated representative which are in addition to these Rules and Regulations:

1. Airport Certification Manual
2. Airport Emergency Plan
3. Published Operations Policies
- *4. Airport Security Plan
5. McGhee Tyson Airport Minimum Standards for Commercial Activity

*Distribution, disclosure and availability of the information contained in the Security Program are restricted to those persons with an operational need-to-know.

1.4 GENERAL RULES AND REGULATIONS

1.4.1 OPERATIONAL AREA OCCUPANCY

No person shall use or occupy an operational area for any purpose whatsoever except for matters pertaining to the servicing of tenants, concessionaires, activities associated with aircraft operations or governmental agencies, or matters connected with maintenance and operation of the Airport.

1.4.2 PARKING AND STORAGE

Unless otherwise provided in a lease or other agreement, no person shall use any area of the Airport for parking and storage of aircraft or property without obtaining permission of the President. If, notwithstanding, a person uses such area without first obtaining permission, then the President or his designated representative is authorized to order the aircraft or other property removed or cause same to be removed and stored at the expense of the owner, without liability for damage thereto arising from or out of such removal or storage.

1.4.3 MANAGEMENT OF PUBLIC

The President or his designated representative at all times has authority to take such action as may be necessary in the handling, conduct, and management of the public in attendance at the Airport.

1.4.4 REMOVAL FROM AIRPORT

The President or his designated representative may remove or eject from the Airport premises any person who knowingly, willfully or continuously violates any rule or regulation herein prescribed, or any order of instruction issued by or under the authority of the Metropolitan Knoxville Airport Authority or President.

In every case where practicable, the violator shall first be informed of the violation he has committed and shall be requested to leave the Airport premises peacefully. Upon the failure of the violator to explain or excuse his violation to the satisfaction of the President or his designated representative, or in the alternative to leave peacefully when the President or his designated representative deems this necessary, such direct action may be used by the President or his designated representative as required to obtain compliance with the direction that the violator leave the Airport premises.

1.4.5 VIOLATIONS

Any person, partnership, firm or corporation who shall violate provisions of these Rules and Regulations may, after a hearing before the President, be deprived of the use of the Airport for such reasonable period of time as may be determined by the President.

1.4.6. ADVERTISEMENTS

No person shall solicit funds for any purpose and no signs, advertisements, or circulars may be posted or distributed at the Airport without the written approval of the President or his designated representative.

1.4.7 REFUSE

Garbage, refuse and other waste material shall be placed in approved and designated receptacles provided for such purposes.

1.5 MOTOR VEHICLE REGULATIONS

1.5.1 VEHICLES ON THE AIRPORT

No vehicle shall be operated on the Airport in a careless or negligent manner or in disregard of the rights and safety of others, or without due caution or circumspection, or at a speed or in a manner which endangers unreasonably or is likely to endanger unreasonably persons or property, or while the driver thereof is under the influence of intoxicating liquor

or any narcotic or habit-forming drug, or if such vehicle is so constructed, equipped, or loaded as to unreasonably endanger or be likely to unreasonably endanger persons or property. All vehicles shall be operated in compliance with the provisions of the Airport Security Plan.

1.5.2 VEHICLE AND OPERATOR LICENSES

No motorized vehicle shall be operated on the Airport unless the driver thereof is duly licensed to operate such vehicle on state or municipal highways of the state. To operate in the Airport movement areas of McGhee Tyson Airport, each driver must possess a valid Metropolitan Knoxville Airport Authority driver's permit.

1.5.3 VEHICLE SPEED

No vehicle shall be operated on the Airport at a speed in excess of 15 miles per hour except as otherwise posted.

1.5.4 PARKING

No person shall park a vehicle or permit the same to remain on the Airport except at such places and for such periods of time as may be prescribed or permitted by the President or his designated representative.

1.5.5 TOWING

The President or his designated representative shall have the authority to tow or otherwise move motor vehicles which are parked by their owners or operators on the Airport in violation of these regulations. The expense of such towing or other movement shall be borne by the owner or operator, and the authority shall have no liability for damage to vehicle in the course of such movement.

1.5.6 REPORT OF VEHICLE ACCIDENT

The driver of any vehicle involved in an accident on the Airport shall immediately make a complete report in writing to the Vice President of Airport Operations or his designated representative.

1.6 AIRCRAFT REGULATIONS

1.6.1 LANDING FEES

No person shall land or takeoff in an aircraft on or from the Airport or use a ramp or apron area or aircraft parking and storage area except upon the payment of such fees and charges as may from time to time be established by the Metropolitan Knoxville Airport Authority, unless such a person is entitled to use such area under lease or special contract.

1.6.2 FLYING CLUBS

Flying Clubs shall not be permitted at the Airport unless approved by the Metropolitan Knoxville Airport Authority and/or the President. Flying Clubs shall be required to obtain from the President a letter of authorization before operation of such Flying Club. The Club may not derive greater revenue from the use of its aircraft than the amount necessary for the operation, maintenance and replacement of its aircraft and will file and keep up-to-date with the President a list of membership and an annual financial statement certified by a CPA. If the President has reason to believe a Club aircraft is being commercially operated, he may require the Club to obtain a lease for business activities unless such operations are terminated. In addition, the club must comply with all terms of the minimum standards for commercial activity at McGhee Tyson Airport.

1.6.3 AIRCRAFT ACCIDENT REPORT

The pilot of an aircraft involved in an accident on or near the Airport causing personal injury or property damage shall immediately make a report in writing to the Vice President of Airport Operations. In the event that he is unable to do so, the owner or his agent and witnesses shall make such report.

1.6.4 STORAGE AREAS

No aircraft shall be parked, stored, or repaired at the Airport except in the areas designated by Airport management for such use. Violation of this regulation may result in the offending aircraft being removed by order of the President and impounded until incurred towing and storage charges have been paid.

1.6.5 PROPERTY DAMAGE

All parties responsible for the destruction or damage of Airport property, whether by accident or otherwise, shall be financially responsible for such damage and

destruction, and, in appropriate cases, for such financial losses to the Airport as follow from such damage or destruction, whether by loss of use or otherwise.

1.6.6 PERSONS ON LANDING AREA

No person or persons, except airmen, duly authorized personnel, passengers going to or from aircraft, or persons being personally conducted by Airport employees shall be permitted to enter the landing area proper, taxi space, or aprons; however, this does not give any such person or persons the privilege of unrestricted use of the Airport. These privileges are confined to the necessary use of the spaces in connection with flights, inspection, and routine duties. Business conducted in this area shall be in compliance with the Airport Security Plan.

1.6.7 OBSERVANCE OF GOVERNMENT RULES

No person shall operate an aircraft from or on the Airport except in conformity with the provisions of Federal Air Regulations, prescribed Air Traffic Rules, Rules and Regulations of the Tennessee Department of Transportation, Division of Aeronautics, or any rules as hereinafter prescribed.

1.6.8 MANNER OF OPERATION

No aircraft will be operated on the Airport in a careless manner or without due regard for the rights and safety of others or at a speed that is likely to endanger others. The operator thereof must not be under the influence of intoxicating liquor or any narcotic or habit-forming drug. Extreme caution and vigilance must be maintained at all times.

1.6.9 AUTHORIZED AREAS

No aircraft shall land, takeoff, or taxi in areas other than those authorized, and in no event shall an aircraft enter a grass or unpaved area unless so authorized.

1.6.10 AIRCRAFT MOVING

Aircraft shall be moved only by qualified personnel with proper FAA certifications.

1.6.11 TAXIING

No person other than a pilot or mechanic certified by the Federal Aviation Administration shall taxi an aircraft on any part of the Airport. No person other than a certified pilot or mechanic will be at the

controls of an aircraft while engines of said aircraft are being started or operated.

1.6.12 RUNUPS

All runups will be made in a place designated by the Vice President of Airport Operations or his designated representative.

1.6.13 DISABLED AIRCRAFT

The pilot or operator of an aircraft shall be responsible for the prompt removal of an aircraft wrecked, disabled or otherwise abandoned on the Airport. Failure of the operator to comply with this rule will constitute authority for the Airport management to have the aircraft removed at the operator's expense and without liability for damage which may result in the course of such removal. The Metropolitan Knoxville Airport Authority reserves the right to disable ELT signals emitting from aircraft when located and or render the electrical and/or fuel systems safe.

1.6.14 HAZARDOUS AIRCRAFT OPERATIONS

The President or his designated representative may prohibit an aircraft from operating on the Airport if in his opinion such an operation would be hazardous to persons or property on the Airport.

1.6.15 NON-PAYMENT OF CHARGES

The Airport management shall have the authority to detain or other prohibit the movement or removal of any aircraft for non-payment of storage or other charges due the Metropolitan Knoxville Airport Authority.

1.6.16 REPAIRS

No person or company shall repair, maintain, service, test its aircraft or aircraft of others in any public areas of the Airport, except that they have a valid license or lease from the Metropolitan Knoxville Airport Authority authorizing the repair, maintenance, conditioning, servicing or testing of aircraft.

1.6.17 TWO-WAY RADIOS

Except in emergencies, flight operations on or about the Airport will only be permitted if the aircraft is equipped with functioning two-way radio equipment. Contact with the Control Tower must be maintained at all times. The aircraft shall remain in contact with the Control Tower until it leaves the area or has been parked.

1.6.18 RAMP PARKING

The general aviation ramp will be used for non-scheduled air carrier and general aviation aircraft wishing to load or unload passengers and/or luggage, unless prior arrangements have been made with the Vice President of Airport Operations.

1.7 FIRE PREVENTION

1.7.1 SMOKING

No person shall smoke or carry lighted cigars, cigarettes, pipes, matches or any open flame in or upon any area of the Airport within fifty (50) feet of hangars, fuel storage areas, fuel loading situations, fuel handling vehicles, aircraft being fueled or having fuel drained or in any other place where smoking is specifically prohibited by signs. Smoking is prohibited within the commercial passenger terminal at McGhee Tyson Airport.

1.7.2 OPEN FLAMES

No person shall start an open fire any place on the Airport without permission of the Vice President of Airport Operations. No torch cutting or welding shall be permitted in hangars. Welding in shop areas or areas designated by the Vice President of Airport Operations is permitted provided all safety precautions are observed and welding equipment is operated by experienced and qualified personnel.

1.7.3 GOOD HOUSEKEEPING

Good housekeeping will be required at all times by tenants and occupants of all buildings and hangars both in their assigned areas and during aircraft maintenance operations. Hangar floors shall be maintained clear of all engine stands, ladders and equipment not in actual use. Areas surrounding fire extinguishers and sprinkler risers shall be kept clear at all times, and all premises shall be kept clean and clear of all rubbish, junk, debris, old aircraft and vehicles, and

any other unsightly objects. If after warning by the President the area is not cleaned, cleaning will be ordered by the President and billed to the tenant or person.

1.7.4 FLAMMABLE MATERIAL

No person shall store flammable material or equipment, use flammable liquids or gases, or maintain his premises in such a condition as to violate the Fire Code of the City of Knoxville or any rules herein contained. Flammable liquids having a flash point below 110 degrees Fahrenheit shall at all times be kept in and used from approved safety cans and stored in acceptable metal cabinets, in quantity not to exceed 25 gallons. Transfer of flammable liquids from original containers to safety cans shall be done outside of buildings in a safe location. Areas surrounding storage of flammables shall be kept clear of all flammable and combustible material.

1.7.5 PARTS CLEANING

Only water base or varsol type solvents with flash points of at least 100 degrees Fahrenheit are permitted for aircraft engine or parts cleaning or maintenance, or for collection in drip pans.

1.7.6 EXTINGUISHERS

Tenants of all hangars and buildings shall provide suitable fire extinguishers and equipment which shall be kept in good working order as determined by the Vice President of Airport Operations or his designated representative and not tampered with or used for any purpose other than fire fighting or fire prevention. Extinguishers shall be inspected at least every 12 months by qualified personnel. Tags showing the date of the last such inspection shall be left attached to each unit.

1.7.7 MAINTENANCE LIGHTS

Aircraft maintenance lights, including drop lights, shall be listed as vapor-proof by the Underwriters Laboratories.

1.7.8 HEATING ENGINES

The heating of aircraft engines on the Airport shall be done only by the use of steam, hot water, hot air or approved electric heaters. Aircraft shall be heated only outside hangars and only with a qualified attendant standing by.

1.7.9 FIRE CODE COMPLIANCE

Tenants and all persons occupying Airport buildings are required to comply with any and all regulations contained in the Fire Code of the City of Knoxville as they may apply.

1.7.10 PERIODIC INSPECTIONS

All premises on the Airport will be subject to periodic safety inspections. These inspections shall be made by the Vice President of Airport Operations or his designated representative at least once each year. Recommendations and infractions will be reported to the tenants or persons involved for corrective action.

1.8 AIR TRAFFIC RULES

1.8.1 LANDINGS AND TAKEOFFS

Landings and takeoffs shall be made on the runway most nearly aligned into the wind unless other operational considerations make it necessary to use an alternate runway. No landing or takeoff shall be made from any sodded areas except in case of an emergency. No landing or takeoff shall be made except at a safe distance from buildings and other aircraft.

1.8.2 REQUEST LANDING OR TAKEOFF

If takeoffs or landings are requested in a direction other than most nearly aligned into the wind or as prescribed by the Control Tower at McGhee Tyson Airport, the pilot is solely responsible for determining that the operation can be completed with safety.

1.9 ENVIRONMENTAL OBLIGATIONS OF TENANTS

In order for properties of the Authority to maintain compliance with applicable federal and state environmental laws, each party ("Tenant") leasing property of the Authority shall be obligated during the term of such tenancy and such other or longer periods as Tenant may have possession of (or exercises control over) such property, as follows:

1.9.1 DEFINITIONS

1.9.1.1 ENVIRONMENTAL LAWS

As used in this regulation, the term "Environmental Laws" shall refer individually and collectively to any federal, state or local law, rule or regulation pertaining to environmental regulations, contamination, clean-up, environmental disclosures or environmental liens and any judicial or administrative interpretation thereof, including any judicial or administrative orders or judgments, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601 et seq. ("CERCLA") as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"); the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. ("RCRA"); the Toxic Substances Control Act, 15 U.S.C. §2601 et seq. ("TSCA"); the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq.; the Clean Air Act, 42 U.S.C. §7401 et seq. ("CAA"); the Water Pollution Control Act of 1972, 33 U.S.C. §1251 et seq. (known as the Clean Water Act ("CWA")); the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. §11001 et seq. ("EPCRA" or "SARA Title III"); the Tennessee Hazardous Waste Management Act, T.C.A. §68-46-101 et seq. ("THWA"); the Tennessee Hazardous Waste Management Act of 1983, T.C.A. §68-46-201 et seq. ("THW of 1983"); the Tennessee Air Quality Control Act, T.C.A. §68-25-101 et seq. ("TAQA"); the Tennessee Water Quality Control Act of 1977, T.C.A. §69-3-101 et seq. ("TWQCA"); the Tennessee Petroleum Underground Storage Tank Act, T.C.A. §68-53-101 et seq. ("TPUSTA"); and the Tennessee Hazardous Chemical Right-to-Know Act, T.C.A. §50-3-2001 et seq. ("THCRKA"); or any other federal, state, county or local environmental laws, orders, regulations, rules and ordinances, each as amended to date and now in effect or as hereafter amended, replaced or supplemented from time to time.

1.9.1.2 HAZARDOUS MATERIAL(S)

As used in this regulation, the term "Hazardous Material" shall refer to any petroleum product and any hazardous or toxic wastes or substances which because

of their quantitative concentration, chemical, radioactive, flammable, explosive, infectious or other characteristics, constitute or may reasonably be expected to constitute or contribute to a danger of hazard to the public health, safety or welfare or to the environment, including without limitation any asbestos (whether or not friable) and any asbestos-containing materials, waste oils, solvents and chlorinated oils, polychlorinated biphenyls (PCB's), toxic metals, etchants, pickling and plating wastes, explosives, reactive metals and compounds, pesticides, herbicides, urea formaldehyde, foam insulation, or any other substances, chemicals, materials and/or wastes that are defined as hazardous, dangerous and/or toxic under, or regulated by, any Environmental Laws.

1.9.1.3 LEASE

As used in this regulation, the term Lease shall mean the lease agreement between the Authority and Tenant with respect to the Premises, as amended and renewed.

1.9.1.4 PREMISES

As used in this regulation, the term "Premises" shall refer to any and/or all property of the Authority leased to Tenant.

1.9.2 TENANT'S ACTIVITIES

1.9.2.1 COMPLIANCE WITH LAWS

With respect to Tenant's use of the Premises, Tenant shall at all times, at its own cost and expense, comply with all Environmental Laws relating to the use, analysis, management, handling, generation, storage, sale, disposal or transportation of any Hazardous Materials.

1.9.2.2 RESTRICTIONS ON CERTAIN USES

1.9.2.2.1 At least 30 days prior to commencing use of the Premises for any business or activity involving the management, generation, storage, use or distribution of (a) any Hazardous Material; or (b) products or materials which (i) include any Hazardous Material as a component and (ii) which, if an

accident occurred, might result in the release or discharge of any Hazardous Material, Tenant must give written notice to the Authority.

1.9.2.2.2 Such notice shall set forth (a) the proposed use and the Hazardous Materials involved; (b) a Hazardous Material management plan describing the actions taken or proposed to be taken by Tenant to assure Tenant's compliance with the requirements of this regulation; and (c) evidence of insurance or other financial resources, available to Tenant sufficient to assure Tenant's ability to comply with its obligations under this regulation.

1.9.2.3 NOTICES TO AUTHORITY

Tenant shall give written notice to Authority as soon as is practicable and in no event later than three (3) business days after the date on which Tenant learns or first has reason to believe that:

1.9.2.3.1 There has or will come to be located on or about the Premises any Hazardous Material, the management, generation, transportation, storage, use or handling of which requires a permit, license or approval from, or notice to or registration with any federal, state or local governmental agency.

1.9.2.3.2 Any release, discharge or emission of any Hazardous Material has occurred on or about the Premises.

1.9.2.3.3 Any (a) enforcement, cleanup, removal or other governmental or regulatory action has been threatened or commenced against Tenant or with respect to the Premises pursuant to any Environmental Laws; or (b) any claim has been made or threatened by any person or entity against Tenant or the Premises on account of any alleged loss or injury claimed to result from the alleged presence or release on the Premises of any Hazardous Material; or (c) any report, notice or complaint has been made to or filed with any governmental agency concerning the presence, use or disposal of any Hazardous Materials on the Premises. Any such notice shall be accompanied by copies of any such claim, report, complaint, notice, warning or other communication that is in the

possession of or is reasonably available to Tenant.

1.9.2.4 DISPOSAL

Except for materials that are (a) lawfully discharged from the Premises or (b) lawfully sold in the ordinary course of Tenant's business, Tenant shall cause all Hazardous Materials (and mixtures or compounds containing Hazardous Materials) constituting wastes or solid wastes (as defined under RCRA) to be removed from the Premises for disposal and to be transported solely by duly licensed Hazardous Materials transporters to duly licensed facilities for final disposal to the extent required by and in accordance with applicable Environmental Laws.

1.9.2.5 ACTIONS AND PROCEEDINGS

1.9.2.5.1 Except in emergencies or as otherwise required by law, Tenant shall not take any remedial action in response to the presence or release of any Hazardous Materials on or about the Premises without first giving written notice of the same to the Authority. Tenant shall not enter into any settlement agreement, consent decree or other compromise with respect to any claims relating to any Hazardous Materials in any way connected with the Premises without first notifying Authority of Tenant's intention to do so and affording the Authority the opportunity to participate in any such proceedings.

1.9.2.5.2 Any use by Tenant in the course of a trade or business conducted on the Premises of a substance which (a) is classified as a Hazardous Material under the Environmental Laws; (b) is of a type which, under current industry practice, is commonly used as an integral part of the Authority approved activity; (c) is so used by Tenant in full compliance with applicable provisions of all Environmental Law; and (d) Tenant has given the Authority complete prior notice of its use at the Premises, will be a Permitted Business Use.

1.9.2.6 STORAGE TANKS

1.9.2.6.1 With respect to any underground or aboveground storage tank owned by and operated by Tenant for the storage or distribution of any Hazardous Material, Tenant will comply at all times during the term of the Lease with all Environmental Laws and limit use thereof

to the Permitted Business Use. All certificates, licenses, permits and/or registrations for installation and operation of such tank must be obtained prior to the installation or use of said tank.

1.9.2.6.2 Tenant, at Tenant's expense, shall be required to obtain any certificates or authorizations for use of an existing tank owned by the Authority, and take such other steps as would be required for **conversion** of such tank, if Tenant's use would not be authorized by any authorization previously obtained by the Authority. At the end of the Lease or sooner termination, Tenant shall comply with all obligations relating to such tanks as stated below in Section 1.9.4, at Tenant's expense.

1.9.3. ASSURANCE OF PERFORMANCE.

1.9.3.1 ENVIRONMENTAL AUDITS

The Authority may, but shall not be required to, engage either itself or through its attorneys such independent contractors as the Authority determines to be appropriate to perform from time to time an audit, including environmental sampling and testing, of (a) the Premises, the surrounding soil and any adjacent areas, and any groundwater located under or adjacent to the Premises and/or any adjoining property; (b) Tenant's compliance with all Environmental Laws and the provisions of this regulation; and (c) the provisions made by Tenant for carrying out any remedial action that may be required by reason of the nature of Tenant's business and its operations on the Premises (collectively an "Environmental Audit").

1.9.3.1.1 COSTS AND EXPENSES

All costs and expenses incurred by the Authority in connection with any such Environmental Audit shall be paid by the Authority, except that if any such Environmental Audit shows that Tenant has failed to comply with the provisions of this Addendum, or that the Premises (including surrounding soil and any underlying or adjacent groundwater) have become contaminated due to the operations or activities not attributable to the Authority or third parties other than Tenant and related entities, then all of the costs and expense of such audit shall be paid by Tenant.

1.9.3.1.2 REMEDIAL ACTION

If Tenant is responsible for the contamination discovered by the Environmental Audit, Tenant shall carry out and complete, at its own cost and expense, any repair, closure, detoxification, decontamination or other appropriate clean-up of the Premises, as recommended by the Environmental Audit. Should Tenant fail to implement and diligently pursue any such clean-up promptly upon receipt of notice thereof, then the Authority shall have the right, but not the obligation, to carry out such clean-up, and to recover all of the costs and expenses thereof from Tenant.

1.9.4 TERMINATION OF LEASE

Upon the expiration or earlier termination of the term of the Lease, Tenant shall, at its expense, (a) cause all Hazardous Material previously owned, stored or used by Tenant to be removed from the Premises and disposed of in accordance with applicable provisions of law; (b) unless otherwise agreed to by Landlord, remove any aboveground or underground storage tanks or other containers installed by Tenant to store any Hazardous Materials on the Premises, and repair any damage to the Premises caused by such removal; (c) with respect to any aboveground or underground storage tanks owned by the Landlord but used by the Tenant for storage or distribution of Hazardous Materials, have such tanks inspected and certified as being in compliance with any applicable Environmental Law, and in the appropriate circumstance, provide a temporary or permanent Certificate of Closure for such tank. In the event such tank is closed only temporarily, all leak-detection systems must remain in place and be fully operational at the time the Tenant surrenders the Premises to the Landlord; (d) cause any soil or other portion of the Premises which has become contaminated by any Hazardous Materials stored or used by Tenant on the Premises to be decontaminated, detoxified or otherwise cleaned up in accordance with the requirements of cognizant governmental authorities; and (e) surrender possession of the Premises to Landlord free of contamination attributable to toxic materials or Hazardous Materials generated or used by Tenant or stored or disposed of by any party other than Landlord in or on the Premises during the term of this Lease.