

METROPOLITAN AIRPORTS COMMISSION

Minneapolis-Saint Paul International Airport

6040 - 28th Avenue South • Minneapolis, MN 55450-2799

Phone (612) 726-8100



April 14, 2014

RE: Notice of Public Hearing – Facility Acquisition Fee
Reminder about Sublease License Fees

Dear Tenant,

Ordinance No. 114 governs the rates and charges on the Reliever Airports. A number of the fees included in the ordinance are transactional based, which means they apply at the time a tenant modifies their lease. One of the transactional based fees is the Facility Acquisition Fee (“Fee”). Another transactional based fee is the Sublease License Fee.

Facility Acquisition Fee.

Governed by Section 7 of Ordinance No. 114, the Fee generally applies to tenants acquiring an existing facility on a MAC Reliever Airport and whose lease includes the requirement to pay the Fee. Currently the vast majority of the leases include the requirement to pay the Fee upon transfer.

The Fee is a component of the General Aviation Financial Model and was originally implemented in 2008 to help fund the model by capturing a portion of the increased value of the public land that was being realized by tenants when they sold their leasehold facilities. Implementation was based on the premise that a portion of the sale price of a hangar was attributable to the value of the land encompassed by the leased area.

When the Fee was initially implemented, hangars were selling for a premium. Following the economic recession, hangar prices have declined. Tenants who sold their hangar, as well as tenants contemplating selling their facility, have complained that the Fee is onerous and has impacted the sale of the hangars in the system. Based upon concerns raised by tenants, changes in economic times, and MAC’s desires to keep active flyers on our airports, staff is proposing to modify the Fee.

Staff collected informal feedback from tenants on how to modify the Fee. Some tenants suggested merely lowering the Fee, others suggested tying it to the assessed value of the facilities, and others have suggested charging a flat Fee. In response to these ideas, staff collected valuation information from the respective counties for the Reliever Airports. Surprisingly, the values with respect to the land varied widely from county to county. Given the wide range of values, follow-up discussions with assessors, and the administrative challenge of obtaining the values at the time of a sale, staff does not recommend tying the Fee to the assessed value of the land.

METROPOLITAN AIRPORTS COMMISSION

NOTICE OF PUBLIC HEARING

ON DRAFT RELIEVER AIRPORTS RATES AND CHARGES ORDINANCE

Notice is hereby given that on the 5th day of May, 2014, the Metropolitan Airports Commission (“MAC”) will hold a public hearing to receive verbal and written testimony relative to proposed amendments to MAC Ordinance 114, otherwise known as the Reliever Airports Rates & Charges Ordinance. The hearing will commence at 7:00 p.m. in the Lindbergh Conference Room of MAC’s General Office Building located at 6040 28th Avenue South, Minneapolis, MN 55450.

RELIEVER AIRPORTS RATES AND CHARGES ORDINANCE

An ordinance of the Metropolitan Airports Commission . . . amending the rental rates and other charges for property at the Commission’s minor and intermediate use airports (“Reliever Airports”) as provided by Minn. Stat. §473.651....

The proposed amendments relate to modification of the formula for calculating the facility acquisition fee.

Copies of the draft ordinance and supporting documentation may be obtained at http://www.metroairports.org/mac/public_notices/default.aspx or by contacting Kelly Ubel at 612-467-0522.

Written comments will be accepted at the public hearing or until 4:00 p.m. on May 9, 2014 at the following address:

Attn: Reliever Airports Department
Metropolitan Airports Commission
General Office
6040 28th Avenue South
Minneapolis, MN 55450-2799
612-467-0522

Dated this 14th day of April 2014.

Mr. Jeffrey W. Hamiel
Executive Director
Metropolitan Airports Commission
6040 - 28th Avenue South
Minneapolis, MN 55450

SUBLEASE LICENSE AGREEMENT

This Sublease License Agreement ("Agreement") is made «Executed», between the Metropolitan Airports Commission ("Commission"), a public corporation of the State of Minnesota and «CFName» «CLName», «CStreet», «CCity», «CState» «CZip» ("Tenant").

RECITALS

WHEREAS, Commission and Tenant have entered into a lease dated «Executed» ("Lease"), whereby Commission has leased to Tenant «Lot No» at the «Airport» Airport, as defined in the Lease ("Premises"), and under the terms and conditions set forth in the Lease; and

WHEREAS, the Lease provides that Tenant must enter into a sublease license agreement with Commission in order to sublease space within the Premises; and

WHEREAS, Tenant wishes to sublease space within the Premises for the storage of aircraft; and

WHEREAS, the definitions and defined terms in the Lease will have the same meaning in this Agreement;

NOW, THEREFORE, in consideration of the covenants and considerations in the Lease and herein, it is agreed:

1. AUTHORIZED USE

Tenant may sublease space within the Premises for the storage of the following type and number of aircraft under the terms and conditions set forth in the Lease and this Agreement.

_____ Single Engine/Turbo Prop/Reciprocating

_____ Twin Engine/Turbo Prop/Reciprocating

_____ Turbo Jet Engine.