METROPOLITAN TOPEKA AIRPORT AUTHORITY
TOPEKA REGIONAL AIRPORT & BUSINESS CENTER | BILLARD AIRPORT

Leasing Policy

To encourage orderly sustainable development and growth of the Metropolitan Topeka Airport Authority's (MTAA) real property assets while ensuring MTAA's continued compliance with applicable local, state and federal law and regulation.

Adopted by the MTAA Board of Directors on March 19, 2024

I. General Transactional Framework

A. MTAA owns and operates the Topeka Regional Airport (TRA), Philip Billard Airport and Topeka Regional Business Center (TRBC) in Topeka, Kansas. The MTAA acknowledges the following:

1. MTAA owes a generalized duty of care to the taxpayers of Shawnee County, Kansas by virtue of its receipt of substantial revenues via a tax levied against real property in Shawnee County;
2. Federal authorities to which MTAA is subject:
   a. Require MTAA to operate its properties in a manner that will make its airports as financially self-sustaining as possible and to make them available to all types of aeronautical activity on fair and reasonable terms without unjust discrimination;
   b. Substantially limit MTAA's ability to sell or convey fee title to any of its land or the facilities on it; and
   c. Forbid primary lease terms longer than Fifty (50) years. Renewal terms exercisable at the sole discretion of the lessee could have the practical effect of giving the lessee control of the property for more than Fifty (50) years and are, therefore, also forbidden. The MTAA Board hereby states its intention that all renewal options be exercisable, if at all, only through the mutual agreement of the MTAA and the lessee.

B. The above is not an exhaustive list of duties and legal requirements to which MTAA is subject but it describes the fundamental constraints under which MTAA negotiates transactions pertinent to its real property assets.

II. Land Leases

A. As a matter of policy, MTAA supports the leasing of undeveloped MTAA real properties at lease terms and rental rates which reasonably enable the lessee to make useful long-term improvements to the property at their own expense, recover their investment along with a reasonable return over time. This can be a viable method for encouraging development provided the lessee is sound financially and proposes to use the land in a manner which compliments the other uses in the vicinity.

B. Following expiration of any such long-term lease, MTAA should only agree to extend the original lessee's occupancy of the real property on terms and conditions consistent with a Building Lease and at a Fair Market Value rental rate applicable to the building in its current condition while taking into consideration any needed maintenance and improvement to the facilities.

III. Building Leases

A. As a matter of policy, MTAA strives to derive Fair Market Value from the structures which have been constructed on its real property, whether by MTAA or by a past developer.

B. Building lease terms of 2 to 5 years are typically appropriate.

C. For lessees offering to undertake major improvements to the building at their own expense, a longer lease term, negotiated rent abatements, delayed rent commencements or sub-market rental rates may be warranted to take account of the lessee's investment.

IV. When Board Approval is Required

A. So long as leases are documented using the applicable MTAA standard lease form, the MTAA Board authorizes MTAA staff to negotiate and enter into building and land leases or extensions thereof consistent with Articles II, III and IV above; PROVIDED HOWEVER that express MTAA Board Approval is required prior to the execution of any lease or lease amendment in which any of the following is true:

1. The proposed initial or primary term or any renewal term exceeds:
    a. 10 years for land leases;
    b. 5 years for building leases;
2. The proposed rental rate is less than 80% of the Fair Market Value of the subject real property or is an abated amount negotiated to fully or partially reimburse the lessee for improvements they have made to the leased premises;
3. The provisions of the standard form lease governing assignment or subletting have been negotiated such that MTAA may, at any point

during the term of the lease, lack authority to reasonably approve or reject any new occupant or use being made of the subject real property;

4. An assignment is proposed in which the original lessee will be released from its obligations under the lease.
5. Any other material provision of the standard form lease has been negotiated so as to materially diminish MTAA's rights or materially increase MTAA's obligations or liabilities under the lease;
6. The proposed lessee is party to actual or threatened litigation with MTAA or has a documented history of failure to timely honor any prior contractual obligation to MTAA; or
7. The proposed use will require the MTAA to seek a change in zoning.

B. MTAA staff will clearly and specifically draw the Board's attention to any proposed lease which requires the Board's approval pursuant to the foregoing and provide the reason(s) justifying approval of the lease.

C. Wherever this Policy requires express MTAA Board Approval, that approval must take the form of formal Board action taken in the context of a regular or special board meeting duly-convened in accordance with MTAA bylaws.

D. Fair Market Value may be estimated based on rents MTAA and neighboring landowners are charging or marketing for similar properties and/or may be determined through an independent appraisal.

E. When negotiating with aeronautical users, MTAA has discretion to deviate from the determined Fair Market Value to take account of other factors bearing on the desirability of leasing MTAA property to such user