



Policy on Reimbursement of Major Repair or Remodel Projects

The MTAA provides a certain level of maintenance in accordance with its lease obligations. Some Lessees wish to make repairs, remodels or improvements to their leased properties which either fall outside the normal scope of the MTAA's obligation or will be difficult to accomplish in a timeframe that meets the Lessee's needs. In such cases, the Lessee may find it expeditious to undertake the work themselves. The MTAA can also benefit from tenant-financed improvements or repairs.

This policy prescribes a method for Lessees to present their proposed improvements to the MTAA for approval and then negotiate a possible rent abatement to offset their costs.

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



Approval of Major Repair or Remodel Project

1. Lessee may, at any time during the term of this Lease, provided there is more than one year remaining in the term, apply to the MTAA for approval to undertake a Major Repair or Remodel Project on the Leased Premises.
2. A “Major Repair or Remodel Project” is:
 - a. a proposed repair, replacement or improvement to:
 - i. the structure, roof, foundation or exterior (exclusive of basic window repairs) of the Leased Premises;
 - ii. the parking lot, ramps, aprons, docks, sidewalks or ground immediately abutting the Leased Premises; or
 - iii. any of the major systems servicing the Leased Premises (e.g. electrical, HVAC, water, sewer)
to the extent the same are not otherwise expressly identified as Lessee's responsibility under the Lease;
 - b. which is projected to cost at least ten thousand dollars (\$10,000);
and
 - c. which has an expected useful life in excess of 10 years, as established by objective industry standards or experts.
3. Lessee's application to undertake a Major Repair or Remodel Project must include the following information:
 - A description of the project, including the non-unique benefit it will bestow on the Leased Premises; “non-unique” meaning the project would reasonably hold value or usefulness for an entity that is not Lessee;
 - The estimated total cost of the project;
 - The expected useful life of the proposed repair, replacement or improvement;
 - The names of contractors and suppliers the Lessee proposes to engage to perform the work, and evidence that they are reputable, solvent and insured against liability;
 - The project plans; and
 - The proposed timeline for the project.

Lessee will provide such additional information as the MTAA may reasonably request in the course of its review of the application.

4. If the MTAA determines, in its sole discretion, that (i) the proposed Major Repair or Remodel Project will bestow a non-unique benefit with a useful life of at least ten (10) years on the Leased Premises, (ii) the firms or individuals undertaking the work are solvent and competent, (iii) the timing and manner of the work will not burden other tenants or otherwise interfere with operations of the airport and (iv) the project is not otherwise violative of airport rules and regulations, the Lease or applicable federal, state or local law, it will notify Lessee of its approval. Thereafter, any material change in the project scope, quality, contractors or timeline must be approved in writing by the MTAA.

Potential Rent Abatement

1. Lessee may seek reimbursement under this policy of a portion of its total project costs for an approved Major Repair or Remodel Project (“Reimbursable Amount”):
 - a. Typically, between 50% and 90% of Lessee's costs are reimbursable depending on the value the project adds to the Leased Premises.
 - b. All other things being equal, projects which will result in a major, long-lasting improvement to the property, or which relieve the MTAA of maintenance work for which it would ultimately be responsible, will be considered for a higher Reimbursable Amount.
 - c. For improvements to the Leased Premises for which the MTAA is not responsible, the Reimbursable Amount may be reduced to take account of Lessee's enjoyment of such improvements over the remainder of the lease term.
2. The parties may negotiate a Rent Abatement and/or a lease extension (see #3 below) to affect Lessee's reimbursement. The total cumulative Rent Abatements in effect at any one time shall not exceed fifty percent (50%) of the then-current Base Rent set forth in the Lease, unless the MTAA finds the Major Repair or Remodel Project is of such a magnitude or value that a

greater abatement is justified under the circumstances.

3. A lease extension of not more than ten (10) years, but in all cases less than the expected useful life of the Major Repair or Remodel Project, may also be negotiated to provide sufficient term for Lessee to receive the entire Reimbursable Amount, subject to the agreed upon value and useful life of the Major Repair or Remodel Project.
4. The parties shall execute a lease amendment to memorialize any agreed upon Rent Abatement or lease extension, as well as such requirements as are warranted to ensure the project is completed in a good and workmanlike manner and in accordance with MTAA standards. Lease amendments developed pursuant to this policy are subject to approval of the MTAA Board of Directors.
5. Any Rent Abatement will take effect only after the MTAA has inspected the project and confirmed it has been satisfactorily completed in accordance with the submitted plans and is of a professional quality. If Lessee's actual costs incurred in completing the project are less than they were projected to be, the Rent Abatement will be adjusted accordingly.
6. Only fair market rents can be abated. This policy is not applicable to land leases or leases under which a Lessee is paying rent substantially below the average rental MTAA receives for similar building space.

Additional Terms

1. Any work undertaken by Lessee pursuant to this policy is expressly subject to those provisions of the Lease which preclude Lessee from acting as an agent of the MTAA or from causing or allowing a lien to attach to the Leased Premises.
2. Lessee will promptly cause any warranties accompanying a Major Repair or Remodel Project to be assigned to the MTAA.
3. Upon completion of any Major Repair or Remodel Project, the results thereof will be considered Permanent Improvements as that term is defined in the Lease, unless otherwise specifically agreed by the parties.