

MINIMUM STANDARDS

FOR

COMMERCIAL

AERONAUTICAL ACTIVITIES

AT

**KNOXVILLE DOWNTOWN ISLAND AIRPORT
2701 SPENCE PLACE
KNOXVILLE, TENNESSEE**

**SEPTEMBER 18, 1996
(AS AMENDED 9/20/2000 AND 7/16/2003)**

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CHAPTER 1 INTRODUCTION

1.1 **General:** The Knoxville Downtown Island 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 Knoxville Downtown Island 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.

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 Knoxville Downtown Island 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 (MCAA).
- 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 Knoxville Downtown Island 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 (physical address)
P.O. Box 15600
Knoxville, TN 37901 (mailing address)
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 Storm Water Pollution Prevention Plan (SWPPP) and Spill Prevention Control and Countermeasures(SPCC), or in its 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 approved Downtown Island Airport SWPPP/SPCC, All Applicable Sections.
- 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 Knox 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.

2.12 **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.

2.13 **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 100,000 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 **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.

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

3.8 **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.

3.9 **Insurance:** The insurance coverage required for this type of operation shall be at least 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 limit of at least \$2 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 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 \$2 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:

For an on-airport repair station maintaining aircraft, 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.

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 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 and rental 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 and rental 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 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:** Applicant shall be required to 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 tie-down 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 the 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 PROHIBITED ACTIVITIES

13.1 **Agricultural Spraying and Dusting**: 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 bona fide 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.

13.2 **Parachuting/Skydiving**: No activity associated with or related to the act of parachuting, skydiving, training for skydiving or the rental, use or furnishing of any skydiving equipment shall be permitted to take place using the Airport as a base of operations. This prohibition shall not apply to the maintenance or hangaring of aircraft at the Airport which are to be used in parachuting or skydiving operations elsewhere.

January 24, 1996

**KNOXVILLE DOWNTOWN ISLAND 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
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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
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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

January 24, 1996

KNOXVILLE DOWNTOWN ISLAND 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 for the right to conduct aeronautical activities at Knoxville Downtown Island 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.
Repair and Maintenance and Radio and Instrument Services	3% of Gross Revenues net of cost of parts sold
Aircraft Charter and Air Taxi, Flight and Ground Training, Aircraft Rental, Aircraft Sales and Other Commercial Flight Operations	Permit Fee \$500 first year, \$100 annually thereafter (only one fee will be charged an operator engaged in one or more of these services)
Other Commercial Services	Fee based on a percent of gross revenue, permit fee or a non-signatory landing fee as appropriate

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. 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.