

JACKSONVILLE AVIATION AUTHORITY REAL ESTATE BROKER COMPENSATION POLICY

Purpose and Scope

The purpose of this Real Estate Broker Compensation Policy (“Policy”) is to establish policies and procedures to provide compensation to real estate brokers involved in the leasing of real property owned by the Jacksonville Aviation Authority (the “Authority”). This policy applies to the payment of commissions on selected non-aeronautical land, facilities, and other real property, both improved and unimproved, to Eligible Brokers who successfully procure tenants for the Authority.

Definitions

Affiliated Broker: A broker is “affiliated” with the Prospect when the individual or firm has an ownership interest in the Prospect; is an employee, officer, director or joint venture partner of the Prospect; or is otherwise compensated directly by the Prospect for real estate brokerage services rendered. An Affiliated Broker is not eligible to be paid a commission by the Authority.

Eligible Broker: An Eligible Broker is an individual or a firm whose core business involves the brokerage of real estate and the negotiation of real estate transactions on behalf of a client. An Eligible Broker must:

1. Possess an active real estate brokerage license in the State of Florida; and
2. Have read and accepted the terms of the Policy.

An Eligible Broker shall be further defined as:

Exclusive Broker: An Eligible Broker that has entered into an exclusive real estate listing agreement for the lease of real property under the control of the Authority. Rights, responsibilities and compensation for an Exclusive Broker are set forth in the exclusive listing agreement entered into by the Exclusive Broker and the Authority.

Non-Exclusive Broker: An Eligible Broker, not currently under an exclusive real estate listing agreement with the Authority for a specified property, that presents a completed and signed Notice of Prospect to the Authority stating in writing that the individual or firm has a Prospect for a specific location and use on Authority-controlled land (see Exhibit A).

The Authority reserves the right to reject the conferral of Eligible Broker status to any individual or firm, which, in the Authority’s judgment, is not qualified to represent a Prospect’s interest or to negotiate a lease, contract, or agreement with the Authority or poses a conflict of interest.

Gross Rent: For the purposes of this policy, Gross Rent shall mean the aggregate amount of base rent or minimum rent paid to the Authority over a specified period. Gross Rent shall not include percentage rent, adjustments to rent, sales tax, maintenance charges, utilities fees, common use fees, or any other non-applicable payments. Gross Rent shall not include rent accrued, but not received, by the Authority.

Prospect: For the purposes of this Policy, Prospect shall mean any individual, firm, or other legal entity who has engaged an Eligible Broker to represent them in negotiations that are covered within the scope of this Policy. A Prospect must sign the Notice of Prospect to be acknowledged as such by the Authority.

General Policy

The Authority will encourage brokerage participation while retaining and reserving the right to solicit tenants using its own staff and consultants.

The Authority may enter into exclusive brokerage listing agreements for any particular properties, or may allow non-exclusive broker participation, at its sole discretion.

The Authority will be under no obligation to negotiate a lease on any particular property and retains the right to accept or reject any offers to lease. No real estate commissions will be paid on transactions that the Authority, or the Federal Aviation Authority (“FAA”) if applicable, has not approved.

This Policy applies only to new lease transactions entered into by the Authority and a Prospect not currently leasing real property from the Authority. The Authority will not pay commissions on renewals, extensions, options, expansions, subleases or assignments.

All leases, contracts, and agreements will be executed by the Authority and will be prepared in a form and on terms and conditions acceptable to the Authority. Brokers shall have no authority to bind the Authority to particular terms or to execute a lease, contract or agreement on behalf of the Authority.

Procedure

Exclusive Brokerage: The Authority may elect to enter into one or more exclusive listing agreements; each such agreement may cover the leasing of one or more individual properties. If elected, the Authority will solicit potential brokers by issuing a Request for Qualifications (“RFQ”), a Request for Letters of Interest (“RFLI”), or some other form of competitive solicitation, and follow the procurement procedures already established by the Authority.

Non-Exclusive Brokerage: The Authority will identify and market for lease certain property under its control and will offer Non-Exclusive Brokers the opportunity to participate in, and be compensated for, the transaction subject to the following:

1. A prospective Eligible Broker shall, prior to the commencement of negotiations between the Authority and the Prospect, register the Prospect by submitting a Notice of Prospect form, as attached hereto as “Exhibit A: Notice of Prospect”. The Authority shall sign and return the Notice of Prospect. The Authority’s execution of the Notice of Prospect shall be evidence of conferral of Eligible Broker status on the individual or firm submitting the same. The Notice of Prospect will not be accepted if negotiations have already begun with the Prospect directly by the Authority. The Authority reserves the right to refuse to execute the Notice of Prospect if the specified property is not among those properties selected by the Authority to be subject to this policy. Any Notice of Prospect must be in writing and no oral representations will be recognized by the Authority.
2. The Eligible Broker shall initiate negotiations between the Authority and Prospect and maintain an active and continuing role in communications between the parties during negotiations.
3. Negotiations must be completed and an agreement approved and signed by the Authority and the Prospect within 6 months of receipt of the Notice of Prospect. This provision may be extended by the Authority if, in its sole judgment, negotiations have been delayed through no fault of the Prospect or the Eligible Broker. The Eligible Broker will not be entitled to be paid any commissions unless an agreement is approved and signed by the Authority within the time frame set forth in this paragraph.
4. All rights of the Eligible Broker shall end after execution of the lease with the Prospect, and no additional commission will be paid to the Eligible Broker when a Prospect chooses, for example, to lease additional land or space after the initial agreement has been executed.

Compensation

Exclusive Brokerage: Compensation for the Exclusive Broker, as set forth in an exclusive listing agreement, will be a negotiated percentage based on the current prevailing practices within the industry. The amount of the commission will generally be based upon various factors including, but not limited to, the following:

1. The current market conditions and demand for the type, size, and location of the specified property being listed;
2. The compensation to be provided by the Exclusive Broker to a potential third party co-broker;
3. The amount of work to be performed by Authority staff and/or its consultants and contractors in the preparation and marketing of the specified property;
4. The amount of work and direct expenses that are anticipated by the Exclusive Broker as necessary to successfully complete the transaction; and
5. The anticipated length of time required to complete the transaction.

Non-Exclusive Brokerage: Commissions provided for the leasing of property not included under an exclusive listing shall be based on the current prevailing practices within the industry and the aforementioned factors, subject to the following guidelines:

1. The commission due will be calculated as a percentage of the Gross Rent for the initial term of the lease, but not to exceed ten (10) years;
2. Commission rates for leases executed on land only will be limited to a maximum of five percent (5%) of the Gross Rent;
3. Commission rates for leases executed on space within an existing facility, with or without additional land, will be limited to a maximum of four percent (4%) of the Gross Rent;
4. Commission rates for leases executed on land with a facility to be constructed and owned by the Authority, will be limited to a maximum of three percent (3%) of the Gross Rent;
5. Commission rates for transactions that involve a combination of existing facilities and new construction will be adjusted based on the percentage associated with each at the limits stipulated in guidelines 3 and 4 above;
6. No commission will be paid on monies obtained by the Authority in the form of a deposit, security or performance bond, or any awards obtained through litigation;
7. The Authority shall pay a single commission to the Non-Exclusive Broker which first submitted a Notice of Prospect which remains effective with respect to a Prospect on the date a lease is executed;
8. The Authority reserves the right to further negotiate the amount of a commission and/or the terms of payment prior to execution of any lease in the event of unusual circumstances; including early termination provisions within the lease, financial issues associated with the Prospect, or similar matters;
9. Notwithstanding the foregoing, no commission for a single transaction shall exceed two hundred thousand dollars (\$200,000).

Time of Payment

Commissions shall be payable as follows:

1. Fifty percent (50%) shall be payable within thirty (30) days of the full execution of the lease agreement by both parties.
2. Fifty percent (50%) shall be payable within thirty (30) days of the date of rent commencement.

EXHIBIT A: NOTICE OF PROSPECT

Attention: Jay Cunio, Chief Development Officer
Jacksonville Aviation Authority

Subject Airport Property ("Property"): _____

Prospective Tenant ("Prospect"): _____

Type of Tenancy Sought (land, existing bldg, or new development): _____

Use/Description: _____

Firm Name ("Eligible Broker"): _____

In accordance with the Jacksonville Aviation Authority's (the "Authority") Real Estate Broker Compensation Policy (the "Policy"), you are hereby notified that the above-named Eligible Broker is representing the above named Prospect in the negotiation of a lease with the Authority for the above-named Property. Such consent shall serve only as Eligible Broker's formal registration of the Prospect and the Prospect's acknowledgment that Eligible Broker has in fact been engaged to assist the Prospect in identifying and leasing the Property.

The undersigned Eligible Broker acknowledges that:

1. We have received a copy of the Policy and have thoroughly read, understand, and agree to its terms;
2. We understand that this is an open listing and that the Authority reserves the right to lease the property itself or through any other broker without payment of a commission; and
3. We are not authorized to bind the Authority in these negotiations and will be entitled to a commission only if and when all the terms and conditions of the Policy have been satisfied.

The undersigned Eligible Broker further declares that:

1. We possess an active real estate brokerage license in the State of Florida;
2. We are not affiliated with the Prospect within the meaning defined in the Policy; and
3. The signature of the Prospect that appears below is the genuine and authorized signature of the person legally authorized to bind the Prospect.

The above-named Prospect shall hereafter be considered acknowledged as such by the Authority within the meaning of the Policy upon the signature by the Authority below. The Policy and this Notice of Prospect constitute the entire agreement between the Authority and Eligible Broker relating to the subject hereof; and no other agreements or understandings relating to this subject exist between the Authority and Eligible Broker.

Eligible Broker: _____

Prospect: _____

signature

signature

title *date*

title *date*

Received by & Acknowledged: _____
Signature

date