CITY OF
FORT LAUDERDALE

AIRPORT LEASING POLICY AND LEASE REVERSION UPDATE

City Commission Conference Meeting

August 18, 2026

Objectives

1

Fort Lauderdale Executive Airport (FXE) Leasing Policy Updates

2

Lease Reversion Discussion for Aeronautical Leases

3

Obtain City Commission Feedback to Establish Policy

FXE Leasing Policy Working Group

City Commission Direction

Establish a working group to develop a formal airport leasing policy for FXE.

Objectives

Evaluate existing leasing practices, incorporate industry benchmarks, and establish a standardized policy framework.

Consulting Services

Kimley-Horn and Associates (KHA) was retained to lead the working group.

Participants

Airport tenants, FXE Staff, Aviation Advisory Board members, and the City Attorney's Office

Working Group Meeting Dates

June 3, 2026

June 17, 2026

July 1, 2026

Working Group Key Topics

- Self-Sustainability
- Sub-tenant Management
- Lease Assignments
- Lease Reversion

Lease Reversion

Key Elements

- Upon lease expiration, termination, or non-renewal, all tenant-built improvements revert to the Airport.
- The airport regains full ownership and may re-lease, repurpose, or redevelop the improvements.
- Rent and lease-term structures are closely tied to reversion.

Benefits

- Supports a consistent and transparent leasing framework.
- Helps prevent outdated facilities and legacy rental terms from burdening the City.
- Protect the airport's long-term financial sustainability.
- Comply with FAA requirements to charge fair and reasonable rates while maintaining the airport as a self-sustaining enterprise.
- Encourage private investment at FXE.

Industry Lease Reversion Structures

Full Reversion	All improvements transfer to the Airport at lease expiration.
Fair Market Value	Independent appraisal determines the value of the improvements at lease expiration.
Percentage of Rental Receipts	Tenant compensates the Airport a percentage of the rental income generated from the reverted improvements.
Fixed Buyout Formula	Lease includes a predetermined compensation formula.
Tenant Removal or Demolition	Tenant removes improvements and restores the site.

FXE Lease Management

37 Leases

17 Aeronautical

20 Non-Aeronautical

FXE Aeronautical Lease Structures (17)

- **Private & Government Development Leases (4)**
  - A single owner or user leases the land
  - The lessee develops the facility
  - The facility is used solely by that lessee for the duration of the lease term

- **Commercial Development Leases (13)**
  - Fixed-Base Operators (FBO) develop facilities for their operational use
  - FBOs may sublease facilities to end users or to developers
  - Developers may construct facilities and lease all or portions to end users
  - End users may lease the space with or without FBO services

Private & Government Lease Reversion Structures (4)

- **Private Leases (3)**
  - Fair market rent for land (appraisal)
  - Triple net lease (property taxes, insurance and improvements)

- **Government Lease (1)**
  - Fair market rent for land (appraisal)
  - Triple net lease at lower percentage (property taxes, insurance and improvements)

Commercial Leases Reversion Structure

- **Commercial Leases (13)**
  - Inconsistent terms incorporated into existing agreements

Commercial Lease Agreements (13)

5% of Gross Rental Receipts (8)

No Reversion Language (4)

Appraisal (1)

FXE Lease Reversion Policy

01

POLICY DECISION

Lease reversion is a policy decision established by the City Commission.

02

ANALYSIS & RECOMMENDATIONS

Slack, Johnston & Magenheimer, Inc. retained for policy analysis and to present recommendation.

03

FEEDBACK & POLICY

Staff presented the recommendation to the Aviation Advisory Board for comment at the July 30, 2026, AAB Meeting

SJM Recommendations: FXE Lease Reversion Policy

PRIVATE TENANTS	GOVERNMENT TENANTS	COMMERCIAL TENANTS
• No Changes Recommended	• No Changes Recommended	• Recommended Reversionary Improvement Rent • Data supports 20%–30% of Gross Rental Receipts

Aviation Advisory Board (AAB) Concerns

July 30, 2026, AAB Meeting Feedback:

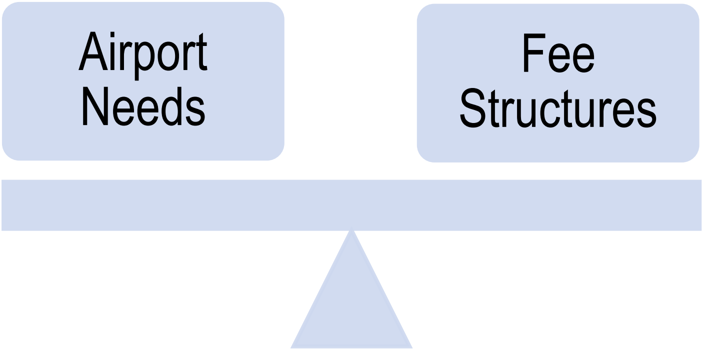
- Impact on existing commercial tenants
- Potential to discourage future investment
- Risk of losing tenants
- Concern that there isn't a need for additional revenue sources at this time
- Need for financial modeling
- Federal Aviation Administration justification
- Fairness compared with existing lease terms

Responsible Stewardship

- Federal Grant Assurance 25 (Airport Revenues) – mandates that all revenues generated by a public-use airport be spent exclusively on the capital or operating costs of the airport.
  - Fees cannot be set intentionally high to generate excess cash beyond working capital and planned capital projects
  - Revenue diversion can result in loss of grant funds and civil penalties

- Funding Sources
  - Rent from aeronautical and non-aeronautical leases
  - Fuel flowage fees
  - Grants (FAA/FDOT)

- Fee Structure Considerations
  - No General Fund utilized for FXE operations
  - Expenses + Capital Projects + Future Capital Projects
  - Availability of grant funds (FAA/FDOT)



Staff Recommendations

- **5% Gross Rental Receipts**
  - City staff recommend establishing that 5% of gross rental receipts become the standard policy for reverted commercial aeronautical properties.
    1. Finalize pending lease agreements and amendments
    2. Include in the formal FXE Leasing Policy

- **Future Evaluation**
  - City staff will evaluate the budgetary impacts over the next two years and revisit reversion during the annual minimum lease rate review period, scheduled for 2028.