

Of leases and lessors

Margaret Giugliano, of McBreen & Kopko, looks at the topic of negotiating leases and reveals how the handler may be able to tip the balance in his favour.

From time to time ground handling companies are faced with the prospect of having to negotiate commercial real estate leases or lease renewals or extensions with airport authorities. Airport authorities control the drafting of these documents and in most cases, there is little room to vary what the airport considers to be the standard terms and conditions of their lease arrangements. In consequence, ground handlers frequently retain outside counsel to negotiate with airport lessors, especially when the situation involves new leasehold premises. So what can you, the ground handler, do to tip the scales in your favour - and avoid incurring unnecessary legal fees or even delaying the transaction?

First and foremost you, as a prospective new lessee, must identify what is important in the transaction to your business. Is it crucial that your company has the right of early termination or automatic renewals? Are you looking for the build-out of new facilities? Do you need the lessor to provide alternative space if completion of construction or renovations is delayed, in order that your services continue uninterrupted? Before you meet with counsel, you should have a clear outline of what your company considers essential to the real estate holding. If you have commenced negotiations for the space through a broker or other real estate advisor, ask them to prepare a term sheet

of the commercial terms that have been agreed in principle.

Secondly, with any new leasehold where there is a change of tenancy, think about doing some environmental due diligence before retaining counsel. This is well worth the effort. Ask the airport authority for copies of any environmental audits, correspondence, notices, orders or other documents pertaining to any water, soil or air contamination at the proposed site. If you have an engineering department or access to environmental consultants, you can ask them for a checklist of what kinds of environmental information you should obtain about the prospective site. Some environmental engineering firms might provide such a checklist as part of their estimate for an audit or other remediation work.

Another important aspect of any leasehold transaction is insurance and indemnification issues. It's important to involve your insurance broker or insurance advisor in the



Margaret Giugliano
McBreen & Kopko
New York, NY 10018
mgiugliano@mklawny.com
www.mklawny.com

process early on. Circulate draft copies of the lease and get their feedback on how the proposed indemnification language fits into your current insurance scheme.

Finally, organise your information and package your transaction as completely as possible. The more you can avoid duplicating fact-gathering tasks, the more you will save in having outside counsel perform such task. It's advisable to assign personnel who will be responsible for working with outside counsel and make sure the law firm does the same. Counsel and

client should agree to filter all requests for information through each party's designated personnel.

In conclusion, by following these simple measures you can greatly reduce your legal bills and allow the lawyers to focus on identifying and resolving the hard-core legal issues, such as indemnification, risk of loss and limitations of liability.



Goldhofer

AIRPORT TRANSPORT TECHNOLOGY AT THE HIGHEST LEVELS

WE BRING YOU SAFELY TO TAKE-OFF.

The heavy traffic load at modern airports demands a high degree of economic efficiency and safety and leaves no room for failure or compromise. For this reason, Goldhofer equipment is used to move aircraft of all sizes at airports around the world. Our towbarless aircraft tractors offer you solutions and services of the highest level, ensuring smooth, safe and economical manoeuvres of your aircraft on the ground.

Invest in your future. Goldhofer – The Original.



WWW.GOLDHOFER.COM