

STANDARD PROCEDURE	Number: <u> S250.04 </u>
Aviation Authority	Effective: <u> 12/11/08 </u>
	Revised: <u> 03/06/19 </u>
SUBJECT: CONTRACTUAL SECURITY DEPOSITS	Page: <u> 1 </u> of <u> 4 </u>

PURPOSE: To establish procedures for contractual security deposits.

GENERAL: The Authority establishes contractual security deposit requirements for tenants and operators (hereinafter referred to as “Company”) conducting business with the Authority.

PROCEDURES:

A. Contractual Security Deposit Language:

The Company is to provide payment security for rents, fees, and charges in either of the following three forms prior to commencing operations and is to maintain the security during the term of the agreement:

1. A separate surety bond in an amount equal to three months’ rents, fees and charges payable to the Authority. The bond must be in a form acceptable to the Authority and issued by a surety company acceptable to the Authority and authorized to do business in the State of Florida; or
2. A separate irrevocable letter of credit (LOC) in an amount equal to three months’ rents, fees and charges, drawn in favor of the Authority. The LOC must be in a form acceptable to the Authority and issued by a financial institution acceptable to the Authority and authorized to do business in the State of Florida.
3. A security deposit of \$5,000 or less may be accepted in cash.

B. Waiver of Requirement:

The requirement to provide a security deposit may be waived if the amount of the deposit is equal to or less than \$5,000. However, the decision to waive the security deposit will be made by the appropriate Executive Vice President, Vice President, or contracting department director.

C. Initial Security:

The contract manager is responsible for obtaining the initial security document and reviewing it for content (e.g. amount, company’s name, effective date, contract

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Aviation Authority	Effective: <u> 12/11/08 </u>
	Revised: <u> 03/06/19 </u>
SUBJECT: CONTRACTUAL SECURITY DEPOSITS	Page: <u> 2 </u> of <u> 4 </u>

description). The original security document is stored in the Records and Information Center then scanned and transmitted to Risk Management. Risk Management will review the security document as to form and, if needed, a copy of the security document will be sent to the Legal Affairs Department for review and approval Risk Management will contact the surety company or financial institution to verify that the security document is legitimate, then initial and date a copy of the security document and file it in Risk Management’s electronic files. Risk Management will e-mail the contract manager the results of the verification and notify the contract manager if the security document is incorrect or not acceptable. Any further contact with the Company will be made by the contract manager.

The Contract Manager will ensure that the original security document is in the Records and Information Center and a copy is emailed to the PROPworks Specialist for the responsible contracting department. The PROPworks Specialist will associate the security document to the appropriate agreement in PROPworks. Records and Information Center will file the original security document in a locked cabinet and place a scanned copy into the electronic records management system.

D. Security Renewals:

1. At least thirty days prior to the security document expiration, the PROPworks Specialist in the responsible contracting department will determine the security deposit requirement for the next year based on the average monthly rents, fees and charges billed for the prior 12 months times three months or the current rate for three months’ rents, fees and charges. The PROPworks Specialist will send the contract manager the security deposit requirements and backup documentation for review. The contract manager will review the backup documentation and notify the PROPworks Specialist by e-mail that the new amounts have been approved.

2. At least twenty-one days prior to the security document expiration, the contract manager will send a letter to the Company, with copy to Risk Management, requesting the security document be extended, the amount increased or decreased, as necessary, and an explanation for the change. The letter will also request the new security documentation be sent to the attention of the Records and Information Center. Once the security document is received, the Records and Information Center will ensure a copy is sent to the contract manager and Risk Management.

STANDARD PROCEDURE	Number: <u> S250.04 </u>
Aviation Authority	Effective: <u> 12/11/08 </u>
	Revised: <u> 03/06/19 </u>
SUBJECT: CONTRACTUAL SECURITY DEPOSITS	Page: <u> 3 </u> of <u> 4 </u>

Risk Management will review the security document as to form and contact the issuing financial institution to verify that the security document is legitimate. Risk Management will then initial and date a copy of the security document and file the copy in Risk Management's electronic files. If issues exist with the form of the security document, a copy will be sent to the Legal Affairs Department, as needed, for review. Risk Management will e-mail the contract manager the results of the verification of the security document. Further contact with the Company will be made by the contracting department.

- a. The PROPworks Specialist will associate the security document to the appropriate agreement in PROPworks.
 - b. Contract_Management will ensure that the original document is in the Records and Information Center. Records and Information Center will scan and place the electronic image in the Authority's electronic records management system. The original document is filed in a locked fireproof cabinet. If a Company provides a rider or a continuation certificate, it is filed with the original security document in the Records and Information Center.
3. If the security document or continuation certificate is not received within seven days of expiration, the contract manager will contact the Company.

E. Satisfactory Performance:

The security document must be kept current at all times during the agreement term. Any release of liability under the security document is conditioned on the satisfactory performance of all terms, conditions, and covenants contained in the agreement.

Some agreements requiring security deposits state that, upon completion of 18 consecutive months under the agreement and subject to the satisfactory performance by the Company of all terms, conditions, and covenants, the Company may request that the security deposit be returned. At the Company's request, the appropriate department director or designee will review the Company's payment history and determine, at his or her discretion, if the security deposit will be returned. If it is determined that the Company has performed in accordance with the terms of the agreement, the department director will request in writing

STANDARD PROCEDURE

Aviation Authority

SUBJECT: CONTRACTUAL SECURITY
DEPOSITS

Number: S250.04

Effective: 12/11/08

Revised: 03/06/19

Page: 4 of 4

to the Records and Information Center the release of the security document. The contracting department will return the security document to the issuing institution with a copy of the transmittal to the Company, the PROPworks Specialist, Records and Information Center, and Risk Management.

APPROVED: Joe Lopano

DATE: 3/6/19