



# NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

4900 EARHART ROAD • LOVELAND, CO 80538

## TERMINAL DESIGN CHARRETTE & REGULAR MEETING AGENDA

THURSDAY, JUNE 17, 2021

1:30PM – 5:00PM

**TERMINAL DESIGN CHARRETTE #4: 1:30 – 3:20PM**

**CALL TO ORDER OF REGULAR MEETING 3:30PM**

**ROLL CALL**

### CONSENT AGENDA

1. MAY 20, 2021 MEETING MINUTES
2. AIRPORT DIRECTOR'S REPORT FOR MAY
3. FINANCIAL STATEMENT FOR MAY
4. DISCOVERY AIR SITE DEVELOPMENT PLAN MODIFICATION

### PULLED CONSENT AGENDA ITEMS

### APPROVAL OF CONSENT AGENDA

### CONSENT AGENDA FOLLOWUP & AIRPORT DIRECTOR REPORT HIGHLIGHTS

### REGULAR AGENDA

5. 2020 FINANCIAL AUDIT PRESENTATION – 15 MIN (ACTION ITEM)
6. FT COLLINS-LOVELAND JETCENTER DEVELOPMENT – 40 MIN (ACTION ITEM)
7. VISION & MISSION STRATOP RECOMMENDATION – 5 MIN (ACTION ITEM)
8. COVID BUSINESS ASSISTANCE PROGRAM REVIEW – 10 MIN (ACTION ITEM)
9. BUSINESS FROM MEMBERS
10. TERMINAL FUNDING DISCUSSION WITH POSSIBLE EXECUTIVE SESSION

### ADJOURN

| Meeting Planning Calendar   |   |   |
|---|---|---|
| July 15   | August 19   | September 16  |
| <ul style="list-style-type: none"><li>• Airshow Planning &amp; Coordination</li><li>• StratOp Quarterly Update</li><li>• Intergovernmental Agreement Legal Update</li></ul> | <ul style="list-style-type: none"><li>• Terminal Philanthropic Funding Feasibility Report</li><li>• Rates and Fees Study Presentation</li><li>• Capital Improvement Plan Draft Review</li></ul> | <ul style="list-style-type: none"><li>• Draft Capital Plan</li><li>• Draft 2022 Budget</li><li>• Terminal Project Design 100% Design Approval</li></ul> |

Next Regularly Scheduled PDSC Meeting: June 23 @3:30 (This is planned to be a remote meeting, anyone wishing to participate please contact Airport staff to obtain instructions)



## April 20, 2021 Meeting Minutes

**Call to Order:** Chair Overcash called the meeting to order at 3:31 pm

**Roll Call:** Chair Overcash, Vice-Chair Fleming, Commissioners Adams, Arndt, Atteberry, Burgener, and Stooksbury were present. The meeting was held virtually on the Zoom Meeting platform in order to reduce the risk of spreading the COVID-19 virus.

**Public Comments:** None

### Consent Agenda

**Vice-Chair Fleming moved to approve the Consent Agenda. The motion, seconded by Commissioner Adams carried with all the Commissioners present voting in favor thereof.**

**Pulled Items** None

**Consent Follow up** None

**Public Comments:** None

### Regular Agenda

#### **6. Remote Tower Project Update**

This was an informational item. The Remote Tower Project is a proof of concept working with the Federal Aviation Administration (FAA) and Colorado Department of Transportation on a unique and technologically advanced air traffic control tower solution. This project is currently one of two such installations in the United States. Since early 2020, and has been on hold due to pandemic caused federal travel restrictions. An update was provided on progress made and a tentative schedule that may still be subject to pandemic related indicators. State of Colorado Aeronautics Director David Ulane joined for the briefing.

**Public Comments:** None

#### **7. Terminal Replacement Project Financial Update**

The Terminal Replacement Project design is nearing the 15% completion mark, which includes preliminary cost estimates. These costs will be shared with the Airport Commission at the next Terminal Design Charette scheduled to occur just prior to the June 17<sup>th</sup> regularly scheduled meeting. Staff continue to investigate potential sources of funding from a variety of sources including researching additional grant opportunities, private sector investment, philanthropic & donative giving, and traditional financing methods. Also, legal staff will be providing an opinion on the ability to integrate the federal funding resources and private sector funding and best practices.



Staff recommended applying to the State Infrastructure Bank (SIB) to obtain a future loan to be applied toward the project if needed as a strategic hedge. A presentation outlined the current status of each potential pathway being explored, the financial model for the recommended SIB loan, and the general estimated cost of the future building and infrastructure will be shared. This application does not constitute any commitment on behalf of the Airport to execute on a loan contract as the funding is still not yet available for disbursement. This action will instead solidify the Airport's standing in a queue for funding when it does become available.

**Public Comments:** None

**Vice-Chair Fleming moved to support an application to the State of Colorado's State Infrastructure Bank for a \$5 million loan to support potential financial gaps for the Terminal Replacement Project. The motion, seconded by Commissioner Adams carried with all the Commissioners present voting in favor thereof.**

**8. Legislative Items** This item provided updates on Airport related legislative items from the local, state, and federal levels. Colorado Aeronautics Director David Ulane shared statewide priorities and initiatives from the Colorado Aeronautics Board.

**Public Comments:** None

**9. Business From Members**

**Overcash:** The Chair reiterated meetings will resume in-person attendance. Commissioners will have the ability to dial in to the teleconference line if they are unable to be physically present. The Chair also reminded Commissioners to get their comments on the StratOp Vision and Mission statement turned in by the end of May.

**Public Comments:** None

**Adjournment:** Meeting adjourned at 5:03 p.m.

**Respectfully Submitted,**

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**Vice-Chair, Tom Fleming**

| Name (Original Name)                               | User Email                 | Join Time       | Leave Time      | Duration (Minutes) | Guest |
|--|----------------------------|-----------------|-----------------|--------------------|-------|
| Shawn Battmer (Northern                            | airport@cityofloveland.org | 5/20/2021 15:15 | 5/20/2021 17:03 | 109                | No    |
| Laurie Stirman                                     |                            | 5/20/2021 15:18 | 5/20/2021 17:03 | 106                | Yes   |
| Don Overcash                                       | don.overcash@sandler.com   | 5/20/2021 15:21 | 5/20/2021 17:03 | 102                | Yes   |
| Darin Atteberry                                    | datteberry@fcgov.com       | 5/20/2021 15:22 | 5/20/2021 17:03 | 102                | Yes   |
| Jason Licon - Airport Director (Jason Licon - FNL) |                            | 5/20/2021 15:23 | 5/20/2021 17:03 | 101                | Yes   |
| Diane Jones  |                            | 5/20/2021 15:25 | 5/20/2021 17:03 | 99                 | Yes   |
| Mick Krantz  | mick5280pilot@gmail.com    | 5/20/2021 15:27 | 5/20/2021 17:03 | 97                 | Yes   |
| Aaron Ehle (Aaron Ehle - Airport)                  |                            | 5/20/2021 15:27 | 5/20/2021 17:03 | 96                 | Yes   |
| JerryS   |                            | 5/20/2021 15:28 | 5/20/2021 17:03 | 96                 | Yes   |
| Ken Snyder - Dibble (Ken Sr                        | ken.snyder@dibblecorp.com  | 5/20/2021 15:29 | 5/20/2021 17:03 | 95                 | Yes   |
| Tom Fleming  | tom.fleming@att.net        | 5/20/2021 15:29 | 5/20/2021 17:03 | 95                 | Yes   |
| Steve Adams  |                            | 5/20/2021 15:29 | 5/20/2021 17:03 | 94                 | Yes   |
| Jeni's iPhone                                      |                            | 5/20/2021 15:30 | 5/20/2021 17:03 | 94                 | Yes   |
| David Ulane  |                            | 5/20/2021 15:30 | 5/20/2021 17:03 | 93                 | Yes   |
| Francis Robbins                                    |                            | 5/20/2021 15:30 | 5/20/2021 17:03 | 93                 | Yes   |
| Mr. Curt Burgener                                  |                            | 5/20/2021 15:30 | 5/20/2021 17:03 | 93                 | Yes   |
| Deb Montgomery                                     | debmont2574@gmail.com      | 5/20/2021 15:32 | 5/20/2021 16:01 | 29                 | Yes   |
| rbwan  |                            | 5/20/2021 15:36 | 5/20/2021 17:03 | 88                 | Yes   |
| judy   |                            | 5/20/2021 15:39 | 5/20/2021 17:03 | 85                 | Yes   |
| Kelly Jones  |                            | 5/20/2021 15:40 | 5/20/2021 17:03 | 84                 | Yes   |
| Scott Storie                                       |                            | 5/20/2021 15:45 | 5/20/2021 17:03 | 79                 | Yes   |
| Deb Montgomery                                     | debmont2574@gmail.com      | 5/20/2021 16:03 | 5/20/2021 16:06 | 4                  | Yes   |
| 13038687891  |                            | 5/20/2021 16:12 | 5/20/2021 17:03 | 52                 | Yes   |





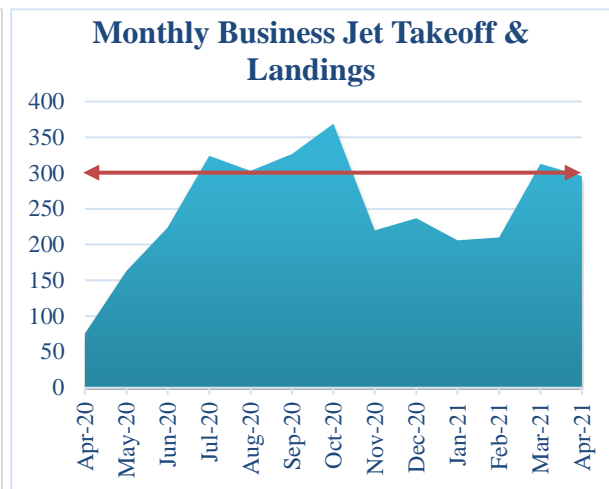
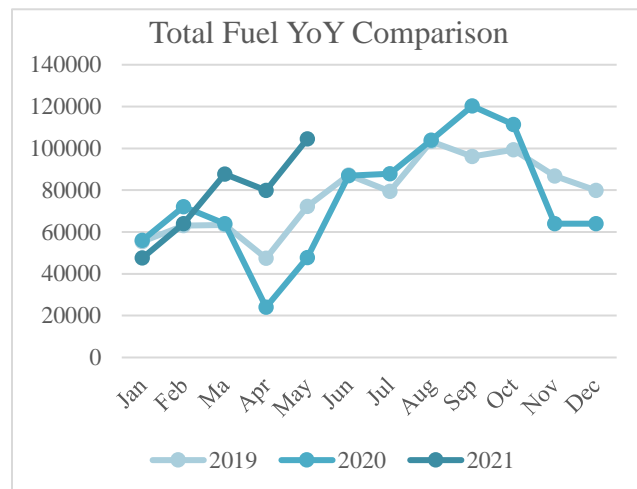
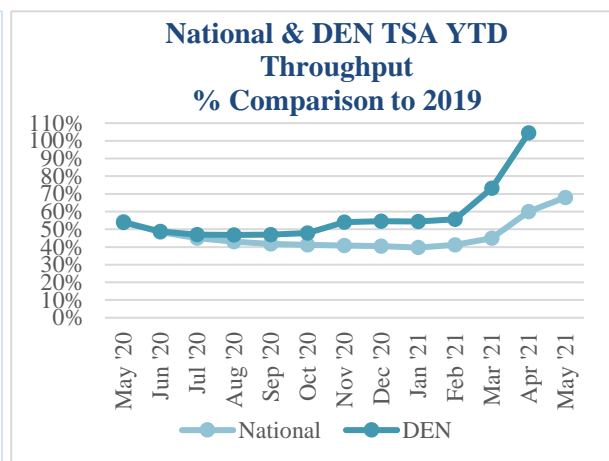
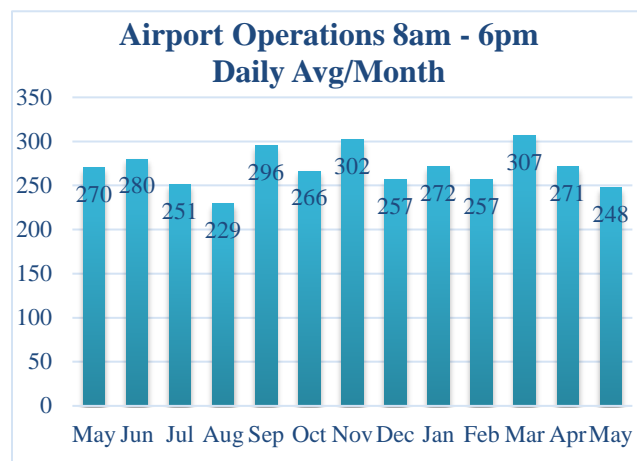
# NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538  
(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

DATE: June 7, 2021  
TO: Northern Colorado Regional Airport Commission  
FROM: Jason R. Licon, Airport Director  
RE: Airport Monthly Report

## March Airport Activity Dashboard

The Air traffic control tower reported a daily average of 248 flight operations per day in May, which is slightly below the average of 269 for the previous twelve months. Weather was a contributing factor to this lower number, as it was a very wet May. National airline passenger throughput further increased, total numbers increased to 68% compared to May 2019. The percentage of airline travel is still mostly reflecting leisure travel activities, with business travel still depressed compared to pre-pandemic levels.



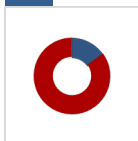
Experts expect business travel to recover quickly initially due to the vaccination levels of the public, but will not fully recover to pre-pandemic levels for a few years. Much of this is due to

companies and employees embracing virtual meeting technology. Denver International is well exceeding the national average, with passenger counts increasing by 104.4% when compared to 2019 levels for April, whereas national TSA check point numbers for April were still down b. May wholesale fuel orders increased by 54% compared to 2020's numbers. Fuel sold by the FBO for May was 104,518 gallons. Business jet activity for the month of April (as this FAA data lags one month) compared to the same month last year increased by 29%.

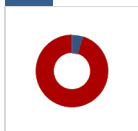
## StratOp Dashboard

The draft Mission and Vision statement was distributed to Airport Commissioners during the April and May Airport Commission Meeting. The Mission & Vision draft will be acted upon at the upcoming meeting in June. The draft Mission & Vision statements are included as an attachment again for your review, which will be discussed at the next regularly scheduled Airport Commission Meeting June 17.

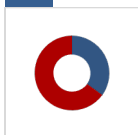
1. Terminal Funding  
15% Complete



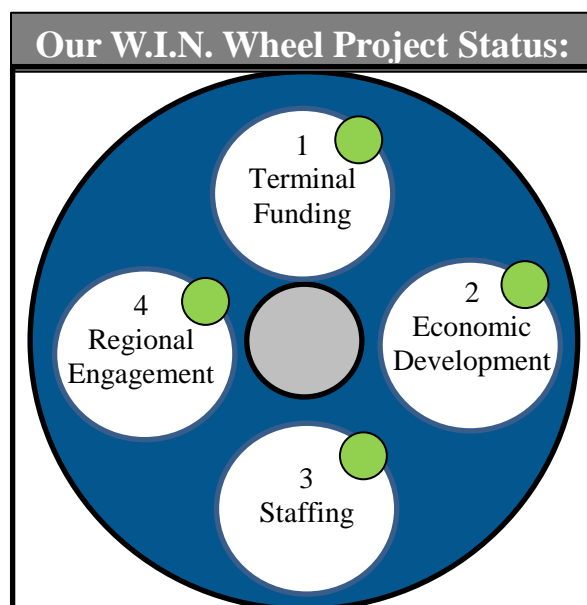
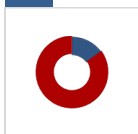
2. Economic Development  
5% Complete



3. Staffing  
35% Complete



4. Regional Engagement  
15% Complete

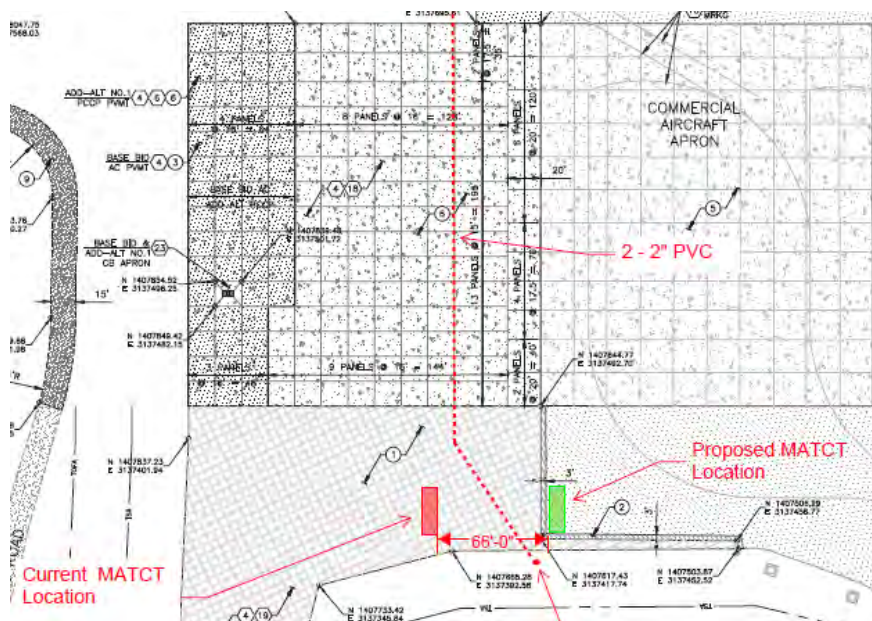


- On track to deliver to target timeline
- Caution to timeline, risk or issues hit
- Off track/problem needs focus and course correction
- ✓ Complete

## Remote Tower Project

The commercial apron expansion project will require the displacement of the mobile air traffic control tower temporarily and then move again once construction is complete. The FAA and staff are working on the necessary safety risk management panel coordination and planning to

execute this change once the project begins. This effort has been quite a bit more than anticipated, as the move will only be 180' from the current position. This will necessitate a safety risk management panel discussion over a two-day period in mid-June, just to get the approval to move. It will also require the installation of conduit underneath the future pavements to tie into the mobile tower all electrical and communication links.



Staff is working with the FAA program team on getting the phase 1 testing complete prior to the apron construction project start. The FAA states that the project will impact their ability to adequately test the remote tower system due to the three weeks where a taxiway will be closed. The project should not interfere with the original plan of testing in July & August, as the taxiway closure will not likely occur until mid- September.

## Airport Commission

The Airport Commission welcomed Fort Collins' new Mayor, Jeni Arndt as the new Commission Board Member to represent Fort Collins. Mayor Arndt attended the last virtual meeting for the Airport Commission on May 20<sup>th</sup>. Airport Staff and the Commission look forward to working with Mayor Arndt for many years.



Both Fort Collins and Loveland City Councils voted to resume in-person attendance for all public meetings effective June 1, 2021. The first Airport Commission meeting to resume in-person attendance will be June 17, 2021.

## Airport Maintenance

Significant rainfall events early in May resulted in ponding around the airfield and some buildings. Staff deployed pumps in five locations to mitigate hazards created by attracting wildlife as well as eroding Airport surfaces.

Mowing on the airfield was delayed by the rain to avoid tracking mud on taxiways and streets. The airport mows approximately 500 acres of the airfield once annually as part of the Wildlife Hazard Mitigation Plan and this is now 20% complete. Continued rainfall will require some areas be mowed at least twice.

The annual maintenance for asphalt crack seal of the runways and taxiways scheduled for May, was postponed until June due to equipment failure. The crack seal machine is owned by the state of Colorado for the purpose of a shared equipment program to help offset the costs for this annual maintenance. FNL shares a crack seal machine with Greeley Airport. However, other machines within the program can be scheduled for use, such as the newest addition at Rocky Mountain Metropolitan Airport which has better capabilities to handle more severe cracks.

### Congressional Grant Requests & Federal Budget News

Staff created and submitted two federal grant requests on behalf of the Airport for the Terminal project. These requests (previously known as Congressional Earmarks) were for \$1 million to be applied toward the Airport Terminal Project. The Terminal project was chosen as the key focus due to the projected gap in funding, and the multimodal transportation facility will compete better for this funding than other Airport priorities.

The President has released his budget for 2022. The budget includes a static \$3.35 billion for the Airport Improvement Program, the federal program for airport capital projects. It also includes \$11.4 billion for FAA operations, \$3.4 billion for facilities and equipment, and \$258.5 million in research and development, which is \$60 million more than funding received for this line item in previous years. Below is a chart of all federal funding enacted and proposed within the past 18 months and into the 2022 fiscal year:

### BUDGETARY RESOURCES

in millions of dollars

| ACCOUNT                                     | FY 2020<br>ACTUAL | FY 2020<br>CARES<br>ACT | FY 2021<br>ENACTED | FY 2021<br>CRRSA | FY 2021<br>AMERICAN<br>RESCUE<br>PLAN | FY 2022<br>PRESIDENT'S<br>BUDGET |
|---|-------------------|-------------------------|--------------------|------------------|---------------------------------------|----------------------------------|
| FEDERAL AVIATION ADMINISTRATION             | 17,617.7          | 10,000.0                | 17,964.5           | 2,000.0          | 8,009.0                               | 18,452.6                         |
| OPERATIONS (GF/TF)                          | 10,630.0          | 0.0                     | 11,001.5           | 0.0              | 0.0                                   | 11,434.1                         |
| FACILITIES & EQUIPMENT (TF)                 | 3,045.0           | 0.0                     | 3,015.0            | 0.0              | 0.0                                   | 3,410.0                          |
| RESEARCH, ENGINEERING<br>& DEVELOPMENT (TF) | 192.7             | 0.0                     | 198.0              | 0.0              | 0.0                                   | 258.5                            |
| GRANTS-IN-AID FOR AIRPORTS (GF)             | 400.0             | 10,000.0                | 400.0              | 2,000.0          | 0.0                                   | 0.0                              |
| GRANTS-IN-AID<br>FOR AIRPORTS (Obli) (TF)   | 3,350.0           | 0.0                     | 3,350.0            | 0.0              | 0.0                                   | 3,350.0                          |
| RELIEF FOR AIRPORTS (GF)                    | 0.0               | 0.0                     | 0.0                | 0.0              | 8,000.0                               | 0.0                              |
| EMPLOYEE LEAVE FUND (GF)                    | 0.0               | 0.0                     | 0.0                | 0.0              | 9.0                                   | 0.0                              |

Also included in the US Department of Transportation budget highlights released this month included a prioritization for Airport Terminal Buildings and focused on multimodal transportation connections. The Terminal renovation grants program is a key initiative as seen in the proposed [USDOT budget highlights document](#) below:



- **Make our Airports the Best in the World.** The United States built modern aviation, but our airports lag far behind other nations. According to some rankings, no U.S. airport ranks in the top 25 of airports worldwide. President Biden is calling on Congress to invest \$25 billion in our airports, including funding for the Airport Improvement Program, upgrades to FAA assets that ensure safe and efficient air travel, and a new program to support terminal renovations and multimodal connections for affordable, convenient, car-free access to air travel. Key aspects of this proposal include:
  - **Airport Improvement Program: (\$10 billion)** This proposal will boost funding to the Airport Improvement program to fund projects that electrify equipment, reduce airport emissions, mitigate noise pollution, and provide other benefits to surrounding communities.
  - **Airport Terminal Renovation Grants Program: (\$10 billion)** This program will establish a new competitive grant program for airport terminal redevelopment, including multimodal transportation connections.
  - **FAA National Airspace System Facilities: (\$5 billion)** This proposal would replace and modernize aging Federal Aviation Administration facilities and equipment that directly support National Airspace System operations.

## Attachments

1. WEPA Remote Tower Project Manager Report for May
2. 5-26-21 PDSC Draft Minutes
3. StratOp Mission & Vision Information



May 30, 2021

From: William E. Payne, P.E.  
To: Colorado Division of Aeronautics

### Section A – Remote Air Traffic Control Contract Progress Report #58

Re: Period: May 1 through May 30, 2021

| Colorado Remote Tower Project<br>Activity Status  |                               |                         |   |
|---|-------------------------------|-------------------------|---|
| Activity  | Status/Start Date (Projected) | Finish Date (Projected) | Remarks   |
| <b>Remote Tower Implementation</b>  |                               |                         |   |
| Relocate Mobile Tower   | 7/20/2021                     | 7/21/2021               | Relocation depends on FNL construction Schedule     |
| Controller SME Remote Tower Training  | 2/5/2021                      | 9/1/2021                | Awaiting additional Serco Controllers               |
| Alternate Phase 1 Remote/Virtual Testing  | 5/8/2021                      | TBD                     | 12 Complete - Additional session may be scheduled   |
| Remote Tower STARS Display  | 8/15/2021                     | 9/15/2021               | Delayed due to long lead time items                 |
| <b>Remote Tower System</b>  |                               |                         |   |
| System Upgrade - Tech Refresh   | In-Progress                   | TBD                     | Continuing  |
| System Site Adaptation  | In-Progress                   | Ongoing                 | Minor adaptation changes post Alt. Phase1 testing   |
| <b>Remote Tower Testing</b>   |                               |                         |   |
| <b>Alternative Phase 1 - Passive Testing</b>  |                               |                         |   |
| Increment 1   | 3/8/2021                      | TBD                     | Testing period may be extended due to delays        |
| Increment 2   | TBD                           | TBD                     | May be canceled - move to Phase 1 in-person testing |
| Increment 3 Phase 1 inperson testing  | TBD                           | TBD                     | Dependent on FAA SME ability to travel              |
| Safety Risk Manage Panel  | TBD                           | TBD                     | FAA Forecast Schedule 1 week duration               |
| Safety Risk Management Document Signed  | TBD                           | TBD                     | FAA Forecast Schedule 6- 12 months                  |
| <b>Phase 2 - Active Testing</b>   |                               |                         |   |
| Safety Risk Manage Panel  | TBD                           | TBD                     | Subject to FAA Phase 1 SRMD Signatures              |
| Safety Risk Management Document Signed  | TBD                           | TBD                     |   |
| <b>Phase 3 - Industry-led IOC</b>   |                               |                         |   |
| Safety Risk Manage Panel  | TBD                           | TBD                     | Subject to FAA Phase 2 SRMD Signatures              |
| Safety Risk Management Document Signed  | TBD                           | TBD                     |   |
| <b>Phase 4 - Certification/Commissioning</b>  |                               |                         |   |
| Safety Risk Manage Panel  | TBD                           | TBD                     | Subject to FAA Phase 3 SRMD Signatures              |
| Safety Risk Management Document Signed  | TBD                           | TBD                     |   |
| <b>Note: All dates reflect latest FAA proposed schedule and are subject to change based on FAA SME's ability to travel to FNL</b> |                               |                         |   |

### **Remote Tower Project Narrative:**

Controller familiarization and remote/virtual testing of the remote tower system began on March 8, 2021. The original schedule called for testing every two weeks for two days with two sessions per day. The testing schedule had to be foreshortened due to weather, controller, and FAA resource availability. Below are testing sessions completed to date.

### **Remote/Virtual Testing Sessions Completed to Date:**

- ✓ March 8, 22, 25, 29 (10:30-1130 am and 2:00-3:00 pm MST)
- ✓ April 19 (10:30-11:30 am MDT)
- ✓ May 3 (two sessions, 10:30-11:30 am and 1:00-2 pm MDT)
- ✓ May 17 (one session 10:30-11:30 am MDT)

Additional sessions may be conducted if necessary.

While these tests were conducted by NextGen and observed by subject matter experts (SME) from the ATO and NATCA, the FAA will use the data collected in the required SMS process.

The mobile ATCT will be relocated approximately 170' south of its current location to accommodate the FNL apron project scheduled to begin in mid-July (see attached MATCT relocation plan, Exhibit 2). The 7460-1 and NAS Watch have been approved. Before the mobile ATCT can be moved, a new siting study must be completed and a Safety Risk Management Document (SRMD) generated demonstrating that no high risks exist and detailing any mitigations required. The Siting Study and SMS are being done by Serco.

As part of the apron project, FNL has agreed to install two 2" conduits from the terminal building extending west to the infield adjacent to Taxiway A to support the power and communications for the mobile ATCT's new location.

When the controllers in the mobile ATCT are running combined positions (one controller in the mobile ATCT) they are forced to limit the number of aircraft in the traffic pattern to three. To provide the Serco controllers in the mobile ATCT with enhanced situational awareness, NextGen is pursuing installation of a Standard Terminal Automation Replacement System (STARS) radar display and keyboard in the mobile ATCT. This display will be in addition to the two displays scheduled to be installed in the remote tower control facility in August. Installation of the display in the mobile ATCT will require an additional 2" conduit for the STARS fiber communication cables. The NextGen Program Office has indicated it will fund the additional 2" conduit for the STARS fiber. Further discussions will be needed with the airport to work out the details. This project is still waiting for the STARS Program Office, TechOps and Western Service Area (WSA) Engineering Services to definitively say if it is possible to put a STARS in the mobile ATCT. As yet, they have not furnished requirements/specifications for the installation. The WSA STARS Program Office are scheduled to conduct a site survey for the STARS installation in August. Installation of the fiber cable will be done by WSA Engineering Services and will make the final determination as to whether it is even possible to install the display in the mobile ATCT. A NAS Change Proposal (NCP) will be required for STARS in both the remote tower facility and the mobile ATCT. It is unclear if an SRMD will be required as well as the NCP. This effort has taken on a life of its own. Everything necessary to furnish a display in the mobile ATCT will take time and money.

We wholeheartedly support providing the controllers with improved situational awareness, provided it does not adversely impact the project schedule that has already been adversely impacted over the past year owing to the COVID 19 pandemic.

As part of the apron project, a portion of Taxiway A will be closed requiring aircraft to back taxi north to depart Runway 15 (see attached FNL New TW E - Phasing and Barricade Plan). NextGen has indicated that it will be necessary to delay full Phase 1 in-person testing until after the apron project is complete and Taxiway A is reopened. That would mean that testing would not occur until October or November 2021. The two stated reasons for delaying testing are:

1. Closure of a portion of the taxiway will require aircraft to back taxi on the runway resulting in reduced efficiency (airport throughput).

The primary operational disruption will occur when the wind favors takeoffs on Rwy 15, which will necessitate back taxiing from the FBO, the main ramp and aircraft located in GA hangars to the departure end of Rwy 15. Runway 6-24 is used mainly as a taxiway for the AIMS Flight School and the corporate flight departments located in the East through the fence development. When Rwy 15 is in use, AIMS aircraft would operate as normal; when Rwy 34 is in use, AIMS could stage their aircraft on the mail ramp as they have done in the past. There should be minimal impact to landing traffic on Runway 15-34.

2. With the partial closure of Taxiway A, the airport will not be in its standard operating configuration.

Airports are dynamic environments with construction, emergency situations such as a disabled aircraft and various types of ground operations such as crack sealing, snowplowing, etc. occurring on a regular basis, creating challenges that all airports cope with all the time. The fact that the airport is in a non-standard operating configuration should actually offer an opportunity to test the system resulting from this off-nominal configuration.

While the closure of Taxiway A or any other off-nominal configuration was not contemplated when the test scripts were prepared, NextGen should be flexible enough to quickly modify the scripts as needed to account for this situation.

For testing to proceed smoothly, Serco must fully staff the facility with six to seven controllers including the Air Traffic Manager (ATM). Serco is diligently working to get resumes to the Program Office for approval.

Delaying testing until October or November will put it just after the end of the Federal fiscal year, which always presents travel problems within the agency. Additionally, this would put testing during the beginning of the holiday period during which people tend to take time off. This could conceivably result in pushing testing further off, even until 2022.

The Director's Prioritization Group has approved moving the Colorado Remote Tower Project up on the priority list, which means that the project should be able to have NextGen and SMEs travel to FNL providing that the Larimer County COVID 19 risk level, as determined by the Harvard Global Health Institute, is yellow or green for two consecutive weeks.

As an aside, it is interesting to see that Larimer and even rural Elbert Counties are listed as risk level orange by the Harvard Global Health Institute, while Denver County is at risk level yellow.



## MEETING RECORD

Page 1

**DATE:** 5/26/2021

**TIME:** 3:30-5:00 PM

**RE:** Planning and Development Subcommittee Meeting

**ATTENDEES:** Tom Fleming, Diane Jones, Troy Bliss, Jason Licon, Aaron Ehle, Josh Birks, Scott Schorling, Chris Aronson, Russ Lee, Tony Buckley, Deb Montgomery, Iver Retrum, Martin Lind, Garrett Scallon, Laurie Arnold

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### **Begin Meeting Record 5/26/2021**

#### **Agenda Item #1: Meeting Minutes Review, April 26<sup>th</sup>**

- One of the action items from the April meeting was for staff to make a recommendation on the future participation of city staff members who have been involved in recent PDSC meetings to provide feedback on the terminal design process. This has been delayed until the June PDSC meeting.
- **Tom moved to approve the minutes. The motion, seconded by James, passed unanimously.**

#### **Agenda Item #2: Fort Collins-Loveland jetCenter (FCLJC) Development Proposal**

- The T-hangars that are owned by the Airport/Cities are nearing the end of their useful lifespans and have been targeted for redevelopment in the Airport Master Plan. There are currently 55 functioning units in four buildings.
- FCLJC submitted an unsolicited proposal to Airport staff in March requesting to redevelop the area in phases and replace the T-hangars with larger hangars to accommodate the business jet storage demand that they are seeing.
- Airport Staff and FCLJC have agreed on a set of negotiated lease terms.
  - Under the proposed lease terms, FCLJC will assume management, maintenance, and insurance responsibilities for the T-hangars in exchange for 20% of the rental revenue.
  - Lease Terms
    - Standard 25-year term with three 5-year extensions
    - Phase I - \$0.30 per square foot per year with annual CPI escalation
    - Phase II - \$0.05 per square foot per year with annual CPI escalation plus 80% of 4930 Grumman T-hangar revenue. On year 5 or the start of phase II construction, the rent will escalate to the Phase I rent rate.
    - Phase III - \$0.05 per square foot per year with annual CPI escalation plus 80% of 4960 Grumman T-hangar revenue. On year 9 or the start of phase III construction, the rent will escalate to the Phase I rent rate.
- Tenants of the Airport/Cities owned T-hangars are on month-to-month leases.
- Two new developments are expected to add 26 new hangar units to the Airport, which will help offset lost T-hangar space.
- At full build-out, the first two rows of T-hangars will be replaced by two 22,400 sq. ft. hangars with 28 ft. tall doors. The hangars will have restrooms on optional office additions. The third row of T-hangars will be replaced by four 5,400 sq. ft. hangars.
- The architecture of the hangars will include concrete form liner wainscoting, windows, three different metal panel profiles, and a light-dark gray colors scheme with red accents.

## MEETING RECORD

Page 2

- Will the architectural theme tie into the new terminal?
  - The design will complement the terminal, but will be distinct. The hangars will be over 1,200 feet away from the terminal and won't be very visible from Earhart Rd.
- The anticipated revenue for year 1 of the lease is \$106,225
- The Airport/Cities owned T-hangars currently generate \$184,728 in rental revenue annually and the Airport spends approximately \$15,600 annually in administration and maintenance costs.
- The new hangars are anticipated to generate more fuel sales than the existing T-hangars. FCLJC estimates that the new hangars (all three phases) will generate an extra 10,000 gallons per month in fuel flowage.
- The hangars may increase the demand for US Customs services because the large jets they will accommodate generally have long ranges making international travel possible.
- The PDSC requests that Airport staff provide a more detailed financial analysis including an estimated fuel sales comparison when this item is considered at the next Airport Commission meeting.
- Some tie-downs will be removed. Less than half of the existing ones are typically in use. There will be a minimum number of tie-down that will have to remain to comply with the minimum standards.
- Staff need to create a plan to communicate with the tenants of the T-hangars to prepare them for displacement and assist them with finding new hangar space.
- **Tom moved to recommend approval of the lease to the Airport Commission with the condition that staff provides more detail on financial projections and architecture of the buildings in the packet for the Airport Commission meeting. The motion, seconded by Diane, passed unanimously.**

### Agenda Item #3: Discovery Air Road Connection

- The Discovery Air team has proposed an alternate road connection to provide access to the development than what was originally planned and approved by City of Loveland Development Review team and the Airport Commission.
- This request is currently being reviewed by the City of Loveland's Development Review department as it is a modification to the submitted and approved site development plan (SDP). An amendment to the development agreement with the City will likely be required in order for this request to be approved. Troy will distribute the City's review comments to the PDSC via email.
- Per the Discovery Air lease agreement, a change to the SDP will also require Airport Commission approval.
- Due to costs associated with lowering utilities, which Discovery Air estimates at over \$200,000, and improvements to Lindbergh Drive, the Discovery Air team is proposing to temporarily provide access to the site by connecting to Lear Drive until the fixed-base operator (FBO) building is constructed. This road would only provide access to the Discovery Air site as there is no planned landside access for the Homestead Hangars project.
- Discovery Air believes that the new terminal and other development in the area will necessitate the connection of Lindbergh Drive to Rocky Mountain Avenue, which can be funded in part by capital expansion fees (CEFs) paid by Discovery Air and other developments in the area. They believe using this temporary access road will give the Cities and Airport time to work with other stakeholders to plan for the new permanent road connection.

## MEETING RECORD

Page 3

- Lear Drive is a private road and is maintained by the Airport. If the proposed temporary road is connected at this location, it will be a private road which will not be maintained by the City. The Lindbergh connection that has been approved would be a public road which would be maintained by the City.
- The proposed new road orientation would render approximately .78 acres of Airport property undevelopable. The alignment with Lindbergh Drive would have been shifted into an existing road right of way (ROW) outside of Airport owned property.
  - With a guarantee of the road being temporary, this area will be available for development when the road is abandoned.
- A connection to Lear Drive is not in line with the Airport Master Plan that was approved by the City Councils. The Airport is planning for the eventual elimination of Lear Drive to accommodate future aeronautical development.
  - If Lear Drive is eliminated, the Discovery Air site can still be accessed via Lindbergh Drive and Gulfstream Court.
  - The Airport needs some assurance that the temporary road won't become permanent and that the permanent connection to Lindbergh Drive shown in the Master Plan will be constructed.
- Why can't the road connection in the approved SDP be delivered upon?
  - The utilities to the south of Lindbergh were installed outside of the ROW and not buried deep enough. This issue was not identified by the developer prior to the SDP approval.
- If this road is temporary and the same challenges will still be present when the permanent connection needs to be constructed, aren't we just delaying the problem?
  - This will give Discovery Air, the City, the Airport, and other stakeholders time work on a plan for connecting Lindbergh Drive to Rocky Mountain Avenue. It will also give the Discovery Air project more time to develop with additional tenants and improved revenues to fund the permanent connection improvements.
- As proposed, the trigger for the temporary road to be replaced by a connection to Lindbergh Drive would be developer driven, meaning the temporary road could become permanent if the FBO building is not built as currently planned.
  - Discovery Air has agreed to abandon the temporary road and connect to Lindbergh Drive by December 31, 2026 or the issuance of a certificate of occupancy for the FBO building, whichever is sooner.
- The Airport does not have an understanding of who would be responsible for maintaining the temporary private road.
  - Discovery Air has agreed to assume responsibility for repairs/maintenance of the temporary road. The Airport agreed to snow removal responsibilities of the temporary road subject to the Airport's snow removal plan.
- Airport Staff and City of Loveland Transportation Engineering staff have explored other potential options, but no other viable road alignments could be identified. In order for Lindbergh Drive to be connected to Rocky Mountain Avenue, it must cross over the utility corridor.

## MEETING RECORD

Page 4

- Mr. Lind noted that members of the City of Loveland Transportation Engineering staff have expressed support for the temporary private road and that he may request a letter of support in advance of the June Airport Commission meeting.
- **Tom moved to recommend approval of a temporary access road to serve the Discovery Air development until December 31, 2026 or until a certificate of occupancy is issued for the FBO building. The temporary road will be connected to the intersection of Lear Drive and Gulfstream Court. The Airport will assume snow removal duties of the road, subject to the Airport's snow removal plan. Discovery Air will assume all other maintenance responsibilities. The motion, seconded by Diane with the condition that Airport staff provide cost estimates to the Airport Commission for the construction of the temporary road and the permanent road including the lowering of utilities, passed by a vote of 4-0, with one member, Josh Birks, abstaining from voting.**

### **Agenda Item #4: City of Loveland Unified Development Code Amendment**

- The City of Loveland Planning Division has prepared a minor amendment package to the Unified Development Code (UDC). A few amendments relating to the Airport are included to correct the omission of land use restrictions within the airport's critical zone, adjust language to be consistent with the terms used in the UDC, and remove unnecessary provisions tied to certain Airport noise contour zones.
- This item was presented to the Loveland Planning Commission on April 26, 2021, where it was reviewed and unanimously recommended for approval. A motion to adopt the ordinance (on first reading) was unanimously approved by the Loveland City Council, at their May 18, 2021 meeting.

### **Agenda Item #5: Open Discussion**

- FNL will be providing support to the Air Force Thunderbirds for Cheyenne Frontier Days
- Airport staff is preparing an earmark request for Senator Bennet's office.
- An agreement has been reached with the Veteran's Affairs (VA) Clinic on the stormwater issue that was discussed at the last meeting. They will increase the size of their detention pond and will construct a swale to convey discharge from the pond to the existing swale near the intersection of Crossroads Boulevard and Rocky Mountain Avenue.
- Tom noted the importance of US Customs to the long-term success of the Airport and the need to keep progressing toward the establishment of a Customs user fee facility.

### **End Meeting Record**



# NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

**ITEM NUMBER:** 3

**MEETING DATE:** June 17, 2021

**PREPARED BY:** Jason Licon, Airport Director

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## **TITLE**

Monthly Financial Reports for May 2021

## **RECOMMENDED AIRPORT COMMISSION ACTION**

Accept the preliminary financial reports as presented.

## **BUDGET IMPACT**

Neutral

## **SUMMARY**

For the end of May 2021, the Airport's finances continue to remain positive and on track with expense and revenue budgets. The figures reflect reductions in revenues as a result of COVID19 impacted Airport Business Assistance Program lease deferrals. These deferrals are reflected in the operating revenues under hangar rental and land lease. Most of the participants in the Airport Business Assistance Program are working to repay their deferred rent, which will be reviewed during a following agenda item. Additional financial highlights for the month include:

- Aviation fuel prices continued upward in May from \$65 to \$69 per barrel.
- Wholesale fuel volumes were significantly greater as compared to May of last year. The FBO, jetCenter reported 104,518 gallons of fuel purchased for resale in May as compared to 72,211 in May of 2020.
- Fuel tax reimbursements from State of Colorado Sales Taxes are received after being processed through the State, which means there is at least a one-month lag in fuel tax reimbursement amounts.
- Aviation business lease deferrals totaled \$77,439.95 for the period April 2020 – May 2021 with one company having their balance fully repaid and two companies still using the program. Additional details will be provided during the Business Assistance Program agenda item.

## **ATTACHMENT**

Preliminary monthly financial statement for May 2021



# NORTHERN COLORADO REGIONAL AIRPORT

## Airport Statement of Revenues and Expenses From 01/01/2021 to 5/31/2021

PRELIMINARY

|   | Y-T-D 2021 Actual | Y-T-D 2020 Actual | Y-T-D 2021 Budget  | 2021 Total Budget  | % of Total Budget |
|---|-------------------|-------------------|--------------------|--------------------|-------------------|
| <b>OPERATING REVENUES</b>                             |                   |                   |                    |                    |                   |
| Hangar Rental   | 102,927           | 83,331            | 89,585             | 215,000            | 48%               |
| FBO Rent  | 37,779            | 36,807            | 40,120             | 96,287             | 39%               |
| Gas and Oil Commissions                               | 59,929            | 41,938            | 68,750             | 165,000            | 36%               |
| Aviation Fuel Tax Reimbursement                       | 48,064            | 69,393            | 43,125             | 103,500            | 46%               |
| Land Lease  | 149,682           | 133,407           | 125,000            | 300,000            | 50%               |
| Land Lease PD Training Ctr                            | 90,375            | 90,375            | 154,390            | 370,538            | 24%               |
| Terminal Lease and Landing Fees                       | 766               | 923               | 3,750              | 9,000              | 9%                |
| Parking   | 330               | 1,910             | 4,165              | 10,000             | 3%                |
| Miscellaneous   | 7,081             | 5,467             | 8,125              | 19,500             | 36%               |
| <b>TOTAL OPERATING REVENUES</b>                       | <b>496,934</b>    | <b>463,551</b>    | <b>537,010</b>     | <b>1,288,825</b>   | <b>39%</b>        |
| <b>OPERATING EXPENSES</b>                             |                   |                   |                    |                    |                   |
| Personal Services                                     | 251,886           | 260,526           | 312,960            | 734,737            | 34%               |
| Supplies  | 36,503            | 36,210            | 35,420             | 85,000             | 43%               |
| Purchased Services                                    | 108,835           | 231,570           | 270,070            | 648,149            | 17%               |
| <b>TOTAL OPERATING EXPENSES</b>                       | <b>397,224</b>    | <b>528,306</b>    | <b>618,450</b>     | <b>1,467,886</b>   | <b>27%</b>        |
| <b>OPERATING GAIN (LOSS)</b>                          | <b>99,710</b>     | <b>(64,755)</b>   | <b>(81,440)</b>    | <b>(179,061)</b>   |                   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>               |                   |                   |                    |                    |                   |
| Passenger Facility Charge                             | 0                 | 0                 | 0                  | 0                  |                   |
| Interest Income                                       | 10,956            | 20,684            | 20,835             | 50,000             | 22%               |
| Capital Expenditures                                  | (285,352)         | (9,073)           | (2,319,165)        | (5,566,000)        | 5%                |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>         | <b>(274,396)</b>  | <b>11,611</b>     | <b>(2,298,330)</b> | <b>(5,516,000)</b> |                   |
| <b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b> | <b>(174,686)</b>  | <b>(53,143)</b>   | <b>(2,379,770)</b> | <b>(5,695,061)</b> |                   |
| Capital Contributions                                 | 252,184           | 202,742           | 2,702,920          | 6,487,000          | 4%                |
| <b>CHANGE IN NET POSITION</b>                         | <b>77,499</b>     | <b>149,599</b>    | <b>323,150</b>     | <b>791,939</b>     |                   |
| NET POSITION, Beginning                               | 16,591,600        | 17,180,973        |                    |                    |                   |
| NET POSITION, Ending                                  | 16,669,099        | 17,330,572        |                    |                    |                   |
| Investment in Capital Assets                          | 13,627,748        | 14,657,231        |                    |                    |                   |
| Net Position Available for use                        | 3,041,351         | 2,673,341         |                    |                    |                   |





# NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

**ITEM NUMBER:** 4

**MEETING DATE:** June 17, 2021

**PREPARED BY:** Aaron Ehle, Airport Planning & Development Specialist

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## **TITLE**

Discovery Air Site Development Plan Modification

## **RECOMMENDED AIRPORT COMMISSION ACTION**

Make a motion to approve resolution# R-8-2021 approving an amendment to the Discovery Air LLC Site Development Plan

## **BUDGET IMPACT**

Neutral

## **SUMMARY**

The Discovery Air team has proposed an alternate road connection to provide access to the development than what was originally planned and has been approved by City of Loveland Development Review team and the Airport Commission. The approved site development plan (SDP) shows access to the site via an extension of Lindbergh Dr, which terminates approximately 1,200 feet to the north of the site. According to the existing lease agreement, Discovery Air is responsible for constructing the road and costs associated with its construction were considered in the negotiation of reduced lease rates and an extended lease term. Following construction, the agreement requires the road to be dedicated to the City of Loveland as a public improvement which would eventually connected to the traffic circle at Rocky Mountain Avenue and Crossroads Boulevard to provide a new access route to the Airport. The Airport Master Plan and the draft version City of Loveland's Transportation Master Plan, which is currently being updated, both include plans for this connection.

Excerpt from the executed Discovery Air lease agreement:

**7.1.1** Lessee shall be responsible for the construction of any taxiways and/or roadways needed for access to the Leased Premises at its sole cost and expense. Upon completion of construction, those portions of any such taxiways or roadways located off the Leased Premises shall be conveyed and dedicated to the Cities or City of Loveland, as determined in a development agreement to be considered during the Inspection and Entitlement Period as part of site plan development

approval process that shall address maintenance, conveyance and dedication, warranty, and warranty surety.

A right-of way (ROW) currently exists for Lindbergh Drive, but only extends about 370 feet to the south of what is currently built (see attached map highlighted in yellow). The City can enforce the lowering of utilities within the ROW, but not outside of it. Due to costs associated with lowering utilities and making additional City required improvements to Lindbergh Drive, the Discovery Air team is proposing to temporarily provide access to the site by connecting to Lear Drive until the fixed-base operator (FBO) building is constructed. Discovery Air estimates the costs of lowering the utilities to be over \$200,000. The traffic volumes that will be associated with the FBO when it is constructed will require the development to be connected to Lindbergh Drive. Lear Drive is a private road and is maintained by the Airport, not the City. By connecting to Lear Drive, the Discovery Air access road would also be private and would not be maintained by the City.

This request is currently being reviewed by the City of Loveland's Development Review Team within the Development Services Department as it is a modification to the submitted and approved SDP. The City's legal review has identified that this requested change must also be approved by the Airport Commission.

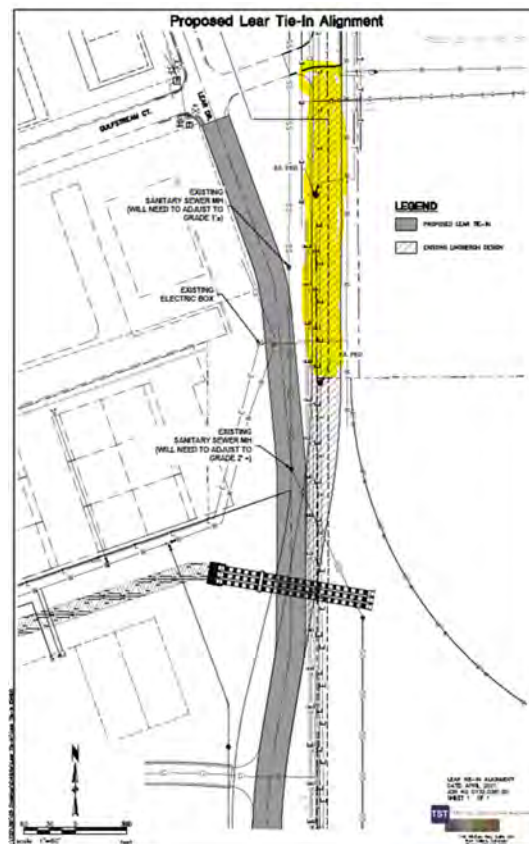
Staff Shared the following concerns with the Planning & Development Subcommittee (PDSC) and Discovery Air at the May 26<sup>th</sup> PDSC meeting. [Comments and agreements from the meeting are include in green.](#) A more detailed account of the meeting can be found in the meeting minutes, which are included within the Airport Director's Report for May (item 2) of the packet.

- As proposed, the trigger for the temporary road to be replaced by a connection to Lindbergh Drive would be developer driven, meaning the temporary road could become permanent if the FBO building is not built as currently planned.
  - [Discovery Air has agreed to abandon the temporary road and connect to Lindbergh Drive by December 31, 2026 or the issuance of a certificate of occupancy for the FBO building, whichever is sooner. This will be enforced by executing a short-term lease for the temporary road which will end at that time and by modifying the development agreement between Discovery Air and the City of Loveland.](#)
- The proposed new road orientation would render approximately .78 acres of Airport property undevelopable. The alignment with Lindbergh Drive would have been shifted into an existing road right of way outside of Airport owned property.
  - [This area will be available for development when the temporary road is abandoned.](#)
- A connection to Lear Drive is not in line with the Airport Master Plan that was approved by the City Councils. The Airport is planning for the eventual elimination of Lear Drive to accommodate future aeronautical development.



- If Lear Drive is eliminated, the Discovery Air site can still be accessed via Lindbergh Drive and Gulfstream Court.
- Discovery Air has agreed to construct the permanent connection to Lindbergh Drive, which is shown in the Master Plan, by the end of 2026 at the latest.
- The Airport does not have an understanding of who would be responsible for maintaining the temporary road since the proposed modification would change it from a public road to a private road. In the approved SDP, it would have been the responsibility of the City of Loveland to maintain the road.
  - The Airport has agreed to snow removal responsibilities of the temporary road, subject to the Airport's snow removal plan. Discovery Air has agreed to all other maintenance responsibilities associated with the road.

With resolution to Airport staff's concerns (listed in green above), the PDSC recommends approval of the site development plan modification by a vote of 4-0, with one member abstaining from voting.



## **ATTACHMENTS**

Modified Discovery Air Site Development Plan

Lindbergh Drive Right-of-Way and Utility Map

Discovery Air Proposed Road Connection Document (Prepared by Discovery Air)

Resolution R-8-2021

# Discovery Air Site Development Plan

## Temporary Connection to Intersection of Lear Drive and Gulfstream Court

## PARKING SUMMARY

NOTE: PARKING REQUIREMENTS BASED ON LOVELAND UNIFIED DEVELOPMENT CODE  
EFFECTIVE JANUARY 1, 2019

| PHASE 1                |                  |                   |                 |                 |
|------------------------|------------------|-------------------|-----------------|-----------------|
| LAND USE               | SQUARE FEET      | RATIO (SPACES/SF) | SPACES REQUIRED | SPACES PROVIDED |
| OFFICE                 | 4,363 SF         | 3:1000            | 14              | 14              |
| STRUCTURED PARKING     | 4,800 SF         | N/A               | N/A             | 15              |
| AIRPORT (HANGAR SPACE) | 34,247 SF        | 1:1000            | 35              | 34              |
| <b>TOTAL:</b>          | <b>43,410 SF</b> |                   | <b>49</b>       | <b>63</b>       |

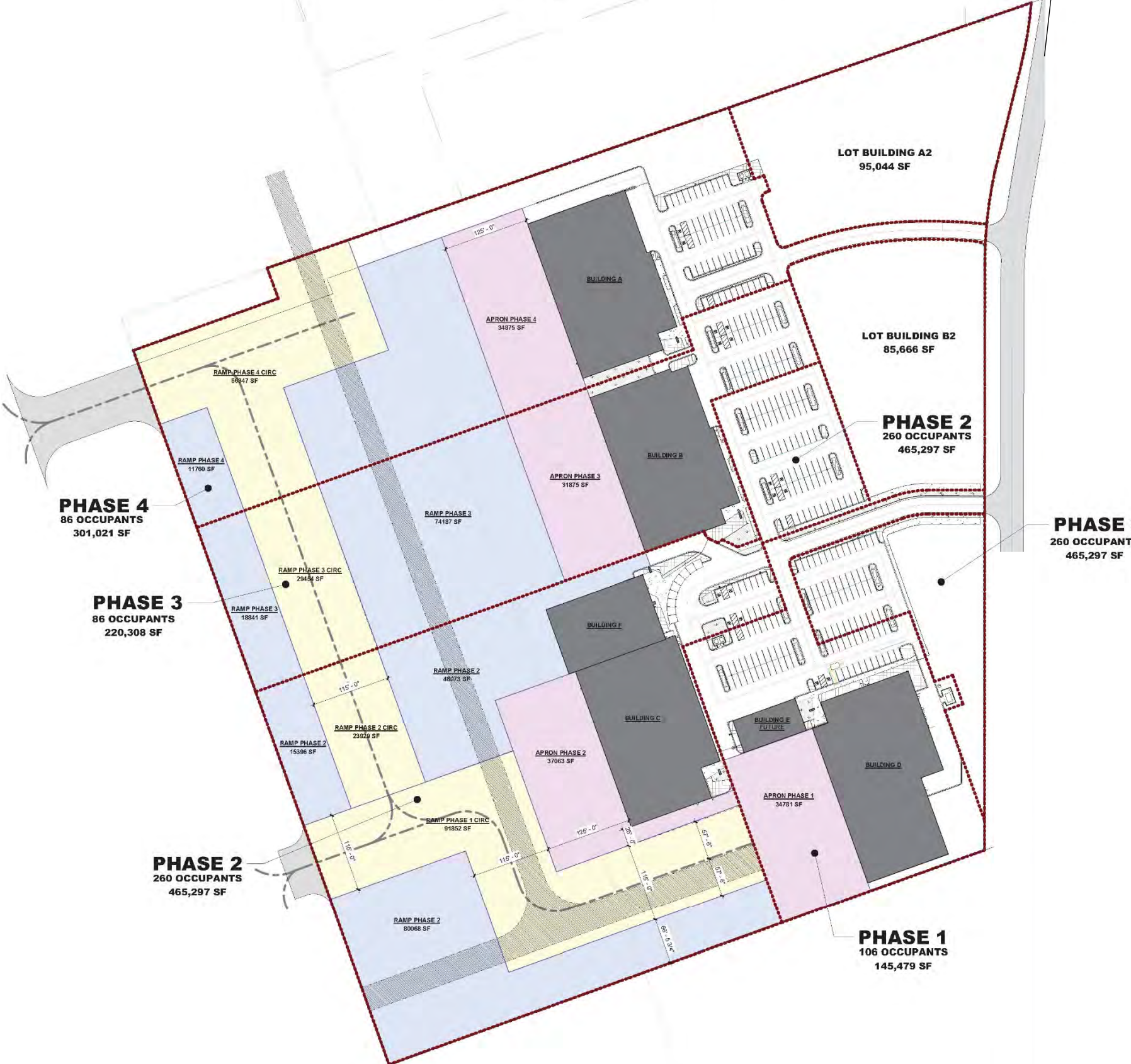
| LAND USE               | SQUARE FEET      | RATIO (SPACES/SF) | SPACES REQUIRED | SPACES PROVIDED |
|------------------------|------------------|-------------------|-----------------|-----------------|
| OFFICE                 | 20,330 SF        | 3:1000            | 61              | 61              |
| RESTAURANT             | 8,560 SF         | 1:200             | 43              | 43              |
| AIRPORT (HANGAR SPACE) | 32,190 SF        | 1:1000            | 33              | 34              |
| <b>TOTAL</b>           | <b>61,080 SF</b> |                   | <b>137</b>      | <b>138</b>      |

| PHASE 3                |                  |                   |                 |                 |
|------------------------|------------------|-------------------|-----------------|-----------------|
| LAND USE               | SQUARE FEET      | RATIO (SPACES/SF) | SPACES REQUIRED | SPACES PROVIDED |
| OFFICE                 | 3,490 SF         | 3:1000            | 11              | 11              |
| AIRPORT (HANGAR SPACE) | 30,000 SF        | 1:1000            | 30              | 31              |
| STRUCTURED PARKING     | 2,417 SF         | N/A               | N/A             | 8               |
| <b>TOTAL:</b>          | <b>35,907 SF</b> |                   | <b>41</b>       | <b>50</b>       |

| LAND USE               | SQUARE FEET      | RATIO (SPACES:SF) | SPACES REQUIRED | SPACES PROVIDED |
|------------------------|------------------|-------------------|-----------------|-----------------|
| OFFICE                 | 3,490 SF         | 3:1000            | 11              | 11              |
| AIRPORT (HANGAR SPACE) | 30,000 SF        | 1:1000            | 30              | 41              |
| STRUCTURED PARKING     | 2,417 SF         | N/A               | N/A             | 8               |
| <b>TOTAL:</b>          | <b>26,007 SF</b> |                   | <b>41</b>       | <b>60</b>       |

### PROJECT COMPLETION

| LAND USE               | SQUARE FEET       | RATIO (SPACES:SF) | SPACES REQUIRED | SPACES PROVIDED |
|------------------------|-------------------|-------------------|-----------------|-----------------|
| OFFICE                 | 31,873 SF         | 3:1000            | 94              | 94              |
| AIRPORT (HANGAR SPACE) | 126,437 SF        | 1:1000            | 126             | 143             |
| RESTAURANT             | 8,560 SF          | 1:200             | 43              | 43              |
| STRUCTURED PARKING     | 8,034 SF          | N/A               | N/A             | 31              |
| <b>TOTAL</b>           | <b>176,303 SF</b> |                   | <b>265</b>      | <b>311</b>      |



## REVISIONS

**DISCOVERY AIR SDP**

NORTHERN COLORADO REGIONAL AIRPORT



HAUSER

3780 East 15th Street, Suite 201 • Loveland, Colorado 80538  
970.669.8220  
E-mail: [info@hauserarchitects.com](mailto:info@hauserarchitects.com) [HauserArchitects.com](http://HauserArchitects.com)

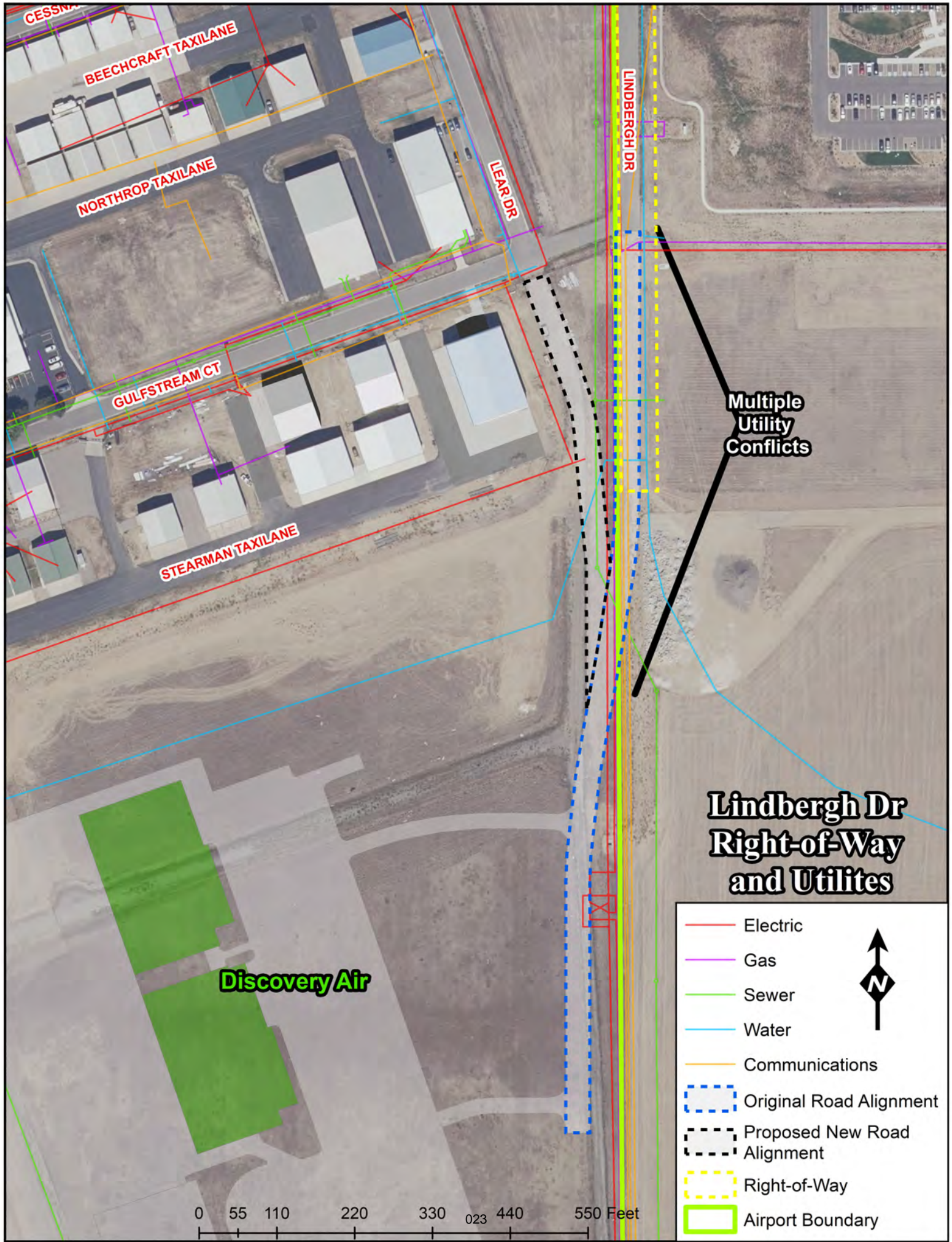
E-mail: [info@hauserarchitectspc.com](mailto:info@hauserarchitectspc.com)  
[HauserArchitectspc.com](http://HauserArchitectspc.com)



**WATER VALLEY**  
Life More Lively

*Water Valley Land Company  
625 Pelican Lakes Point, Suite 201  
Windorf, CO 80550  
970.686.5828*







# General Location





# Gulf Stream Connection



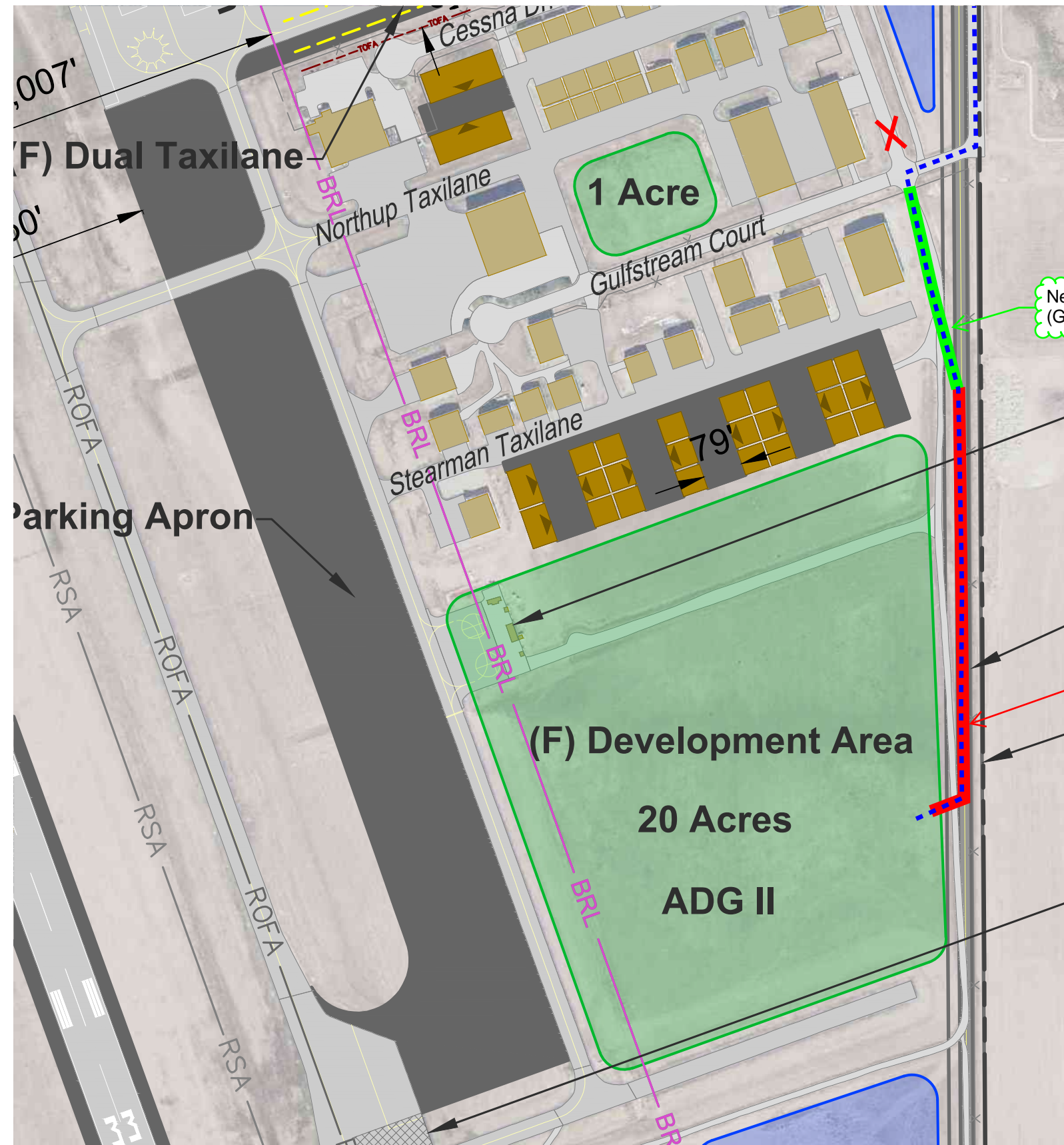


# Gulf Stream Connection





# Airport Master Plan



New plan road connection  
(Gulf Stream Ct.)

No change in road alignment  
(future Lindbergh Dr.)

----- Discovery Air Access

This temporary connection works with the Airport Master Plan, in the event the Airport continues to build out within the next 5 years and removes Lear Dr. **X**

# Gulf Stream Connection



## **BENEFITS:**

1. Avoids utility conflicts within the Loveland ROW and Airport Property.
2. Allows for the potential to avoid traffic control/shut down entrance to Discovery Air during Lindbergh full build out.
3. Interim condition works with Airport Master Plan.

## **DEAL POINTS:**

1. Interim connection for Discovery Air hanger only construction (Phases 1,3,4).
2. Connection to Lindbergh Dr. will be required for FBO building permit (Phase 2), or 12/31/2026 (whichever is sooner).



## **RESOLUTION R-8-2021**

### **A RESOLUTION APPROVING AN AMENDMENT TO THE DISCOVERY AIR, LLC SITE DEVELOPMENT PLAN**

**WHEREAS**, the Cities of Loveland and Fort Collins, which jointly own and operate the Northern Colorado Regional Airport (the “Airport”), entered into a 50-year ground lease agreement with Discovery Air, LLC (“Discovery Air”) in early 2019 (the “Lease”); and

**WHEREAS**, pursuant to the Lease, Discovery Air submitted a site development plan (“SDP”) to the Northern Colorado Regional Airport Commission (the “Commission”) for review and approval; and

**WHEREAS**, the approved SDP provided for a road connection to the Discovery Air development via an extension of Lindbergh Drive. Due to the cost of lowering utilities associated with constructing the Lindbergh Drive connection, Discovery Air has proposed an alternate road connection to the development via Lear Drive, which is a private roadway on the Airport, maintained by the Airport; and

**WHEREAS**, the Commission’s Planning and Development Subcommittee (“PDSC”) considered this proposal at its May 26, 2021 meeting, and approved the proposal with certain conditions. First, the Lear Drive connection must be temporary and be abandoned by the earlier of (1) December 31, 2026 or (2) the issuance of a certificate of occupancy for the fixed-base operator building associated with the development. Second, with the exception of snow removal to be provided by the Airport, Discovery Air must provide all other maintenance for Lear Drive; and

**WHEREAS**, Airport staff support the proposal with the conditions determined by the PDSC; and

**WHEREAS**, the Commission has reviewed Discovery Air’s proposal and desires to approve the amendment to the SDP subject to the conditions recommended by the PDSC.

### **NOW, THEREFORE, BE IT RESOLVED BY THE NORTHERN COLORADO REGIONAL AIRPORT COMMISSION THAT:**

1. That the amended Site Development Plan proposed by Discovery Air, LLC is hereby approved with the following conditions:
  - a. The temporary access connection using Lear Drive must be abandoned and may no longer be used by the earlier of: (i) December 31, 2026, or (ii) the date of issuance of a certificate of occupancy for the fixed-base operator building; and
  - b. Discovery Air, LLC will be responsible for all maintenance of Lear Drive, with the exception of snow removal, which will be the Airport’s responsibility.
2. That this Resolution will be effective as of the date of adoption.

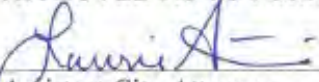
ADOPTED this \_\_\_\_ day of June, 2021.

By: \_\_\_\_\_  
Don Overcash, Chair

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Assistant City Attorney



# NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

**ITEM NUMBER:** 5  
**MEETING DATE:** June 18, 2020  
**PREPARED BY:** Jason Licon, Airport Director  
Jeff Miller, Senior Accountant

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## **TITLE**

2020 Financial Audit Presentation

## **RECOMMENDED AIRPORT COMMISSION ACTION**

Make a motion to accept the audit as presented

## **BUDGET IMPACT**

Neutral

## **SUMMARY**

The City of Loveland's Finance Department contracted with external auditing firm Plante Moran in consultation with Airport Staff to complete an annual audit of the Airport's finances. These audits are required as part of being a public entity. City of Loveland Finance Department staff will be available in person and the consultants from Plante Moran will be calling in to present the 2020 consolidated audited financial statement to the Airport Commission and will be available to answer questions.

## **ATTACHMENTS**

Plante Moran Audit Summary Letter  
Airport Financial Audit for 2020  
Audit Presentation

May 19, 2021

To the Northern Colorado Regional Airport Commission  
Northern Colorado Regional Airport

We have audited the financial statements of Northern Colorado Regional Airport (the "Airport") as of and for the year ended December 31, 2020 and have issued our report thereon dated May 19, 2021. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated September 21, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Airport. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Airport's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Airport, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated May 19, 2021 regarding our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on April 19, 2021.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Airport are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020.

We noted no transactions entered into by the Airport during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

### ***Significant Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Airport, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Airport's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated May 19, 2021.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Airport's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Information in Documents Containing Audited Financial Statements**

Our responsibility for other information in documents containing the Airport's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the management's discussion and analysis and budgetary comparison schedule included in the financial statements, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

We would like to take this opportunity to thank the Airport's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This information is intended solely for the use of Northern Colorado Regional Airport and is not intended to be and should not be used by anyone other than this specified party.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

**Plante & Moran, PLLC**



William Brickey, CPA  
Partner



Rumzei Abdallah, CPA  
Senior Manager



***Northern Colorado  
Regional Airport***  
**Year Ended December 31, 2020**



**COLORADO**

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## NORTHERN COLORADO REGIONAL AIRPORT

May 19, 2021

The Northern Colorado Regional Airport annual financial statements for the year ended December 31, 2020, are respectfully submitted. This report was prepared by the City of Loveland's Finance Department. The responsibility for both the accuracy of the presented data and fairness of the presentation, including all the disclosures rests with the City of Loveland. The City believes the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly portray the financial position and results of Airport operations as measured by the Airport's financial activity; and all disclosures necessary to enable the reader to gain an understanding of the Airport's financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Airport's MD&A can be found immediately following the external auditor letter.

### Airport Overview

The Northern Colorado Regional Airport (FNL) has served as a public regional air transportation center since 1964. The Airport is certified by the Federal Aviation Administration as a non-primary commercial service airport which is administered and operated jointly by the Cities of Fort Collins and Loveland in Northern Colorado. The Airport accommodates approximately 95,000 aircraft flight operations annually. These operations range from commercial air carrier, private charter, business and corporate aviation, air ambulance transport, aerial fire suppression, flight school training, and private transportation flights each year. An estimated 1,800 outbound passengers (enplanements) traveled from the Airport on charter flight services supported by various air carriers including Elite Airways, Swift Air, and Sun Country Airlines.



|                    |               |
|--------------------|---------------|
| Airport Area       | 1,073 Acres   |
| Runway (Primary)   | 8,500' x 100' |
| Runway (Crosswind) | 2,273' x 40'  |
| Based Aircraft     | 276           |
| Hangars            | 216           |
| Passengers         | 1,800         |

The Airport supports many aviation based businesses including one full service fixed base operator that provides aircraft fueling and storage, five flight training schools, two aircraft maintenance and repair stations, and one avionics center. The Airport is also host to a variety of private and corporate aviation businesses that provide air transportation services to remain competitive in today's global economy. According to the Economic Impact Study conducted in 2020 by the Colorado Department of Transportation Division of Aeronautics, the Airport contributes approximately \$296 million annually to the regional economy. This impact is derived through airport associated activities and area spending from visitors. The study also identified 1,072 jobs that were directly associated with the Airport through administrative and operational support, airport businesses, capital improvement investments, and visitor spending.

The Northern Colorado Regional Airport Commission is comprised of elected officials, staff, and appointed citizen members from both Fort Collins and Loveland. The Commission has been delegated powers

and authority from both City Councils in order to continue to make progress towards the newly adopted strategic plan and the associated Vision and Mission:

### **Vision Statement**

*"The Northern Colorado Regional Airport: Unmatched for its service and innovation. The premier destination for aviation centered business, research, development, education, and training."*

### **Mission Statement**

*"To provide a fiscally sustainable Airport to the region with facilities that meet the highest FAA standards for safety and efficiency while ensuring the long-term ability of the Airport to serve Northern Colorado as a transportation hub and a global gateway for commerce."*

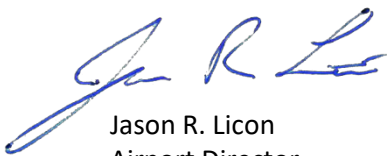
The Northern Colorado Regional Airport Commission is charged by the Cities to set policy and direction for the Airport to achieve the goals and objectives outlined in the various plans including the Airport Master Plan, and Strategic Plan. The Airport's Strategic Plan priorities are:

- Innovation: Serving as a catalyst and center for innovation focused on aviation, FNL strives to continually explore and support new technologies.
- Organizational Excellence: Providing a responsive, forward-thinking, and optimal governance structure with high performing staff is key to FNL's success.
- Fiscal Sustainability: FNL is committed to achieving and maintaining a self-sustaining budget to operate a safe and efficient airport, manage assets, and support industry and economic development.
- Economic Development: FNL actively encourages private and public investments to ensure a strong economic platform for both on-Airport development and compatible uses within the Airport Influence Area.
- Regional Collaboration: Recognized as an active regional partner, FNL supports a collaborative approach to transportation, tourism, training, and marketing with its surrounding partners and communities.

The financial outlook for 2021 is positive with many great things happening at the Airport. Some of the highlights include:

- New development for both aeronautical use and non-aeronautical use are in the planning or construction phases which will add to the economic bottom line of the Airport and contribute toward self-generated revenues.
- The Remote Air Traffic Control Tower is scheduled for testing during the second quarter of 2021. Airport staff and project managers anticipate this project will elevate the airport to potential aeronautical operators who have expressed interest in this project's success. Capital costs will be completely funded by CDOT and the FAA and the FAA has agreed to fund all air traffic control operating costs to maintain consistent levels of safety.
- Fuel flowage and aviation fuel tax reimbursements are tied to a percentage, relying upon the price of fuel in addition to the volume of sales. The price of fuel in the coming year will impact the amount of revenues collected from percentage-based fuel flowage and tax reimbursements. The price of fuel slowly began to increase after summer months in 2020.

Respectfully,



Jason R. Licon  
Airport Director

## **Independent Auditor's Report**

To the Northern Colorado Regional Airport  
Commission Northern Colorado Regional Airport

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Northern Colorado Regional Airport (the "Airport") as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Colorado Regional Airport as of December 31, 2020 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

##### ***Report on Summarized Comparative Information***

The financial statements include prior year summarized comparative information. The basic financial statements of Northern Colorado Regional Airport as of and for the year ended December 31, 2019 were audited by a predecessor auditor, which expressed an unmodified opinion. The predecessor auditor's report was dated May 20, 2020.

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northern Colorado Regional Airport's basic financial statements. The other supplemental information, as identified in the table of contents, and letter of transmittal are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The letter of transmittal has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2021 on our consideration of Northern Colorado Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Colorado Regional Airport's internal control over financial reporting and compliance.

*Plante & Moreau, PLLC*

May 19, 2021

## MANAGEMENT'S DISCUSSION & ANALYSIS

Our discussion and analysis of the Northern Colorado Regional Airport's financial performance provides an overview of the Airport's financial activities as of and for the year ended December 31, 2020. Please read it in conjunction with the financial statements, which begin on page 9.

### Financial Highlights

- In 2020, net position decreased by \$589,373 (3.43%) primarily due to increased depreciation on capital assets.
- Total operating revenues increased to \$1,276,780, an increase of \$18,515 (1.47%) compared to 2019.
- Total operating expenses decreased to \$2,618,451, a decrease of \$194,530 (6.92%) compared to 2019. The decrease is primarily due to a decrease in professional fees.

### Overview of the Financial Statements

The Statement of Net Position presents information on all the Airport's assets and liabilities. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information that reflects how the Airport's net position changed during the year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows reports the Airport's cash flows from operating, capital and non-capital financing and investing activities. The financial statement demonstrates how the various activities of the Airport impact its cash balances.

The Notes to Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

### Entity-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Airport's financial position. As of December 31, 2020, assets exceeded liabilities by \$16,591,600.

| <b>Net Position</b>          |                      |                      |
|------------------------------|----------------------|----------------------|
|                              | 2020                 | 2019                 |
| Current Assets               | \$ 3,099,946         | \$ 2,738,303         |
| Capital Assets               | 13,627,748           | 14,657,231           |
| <b>Total Assets</b>          | <b>16,727,694</b>    | <b>17,395,534</b>    |
| <b>Current Liabilities</b>   | <b>136,094</b>       | <b>214,561</b>       |
| Net Position:                |                      |                      |
| Investment in Capital Assets | 13,627,748           | 14,657,231           |
| Unrestricted                 | 2,963,852            | 2,523,742            |
| <b>Total Net Position</b>    | <b>\$ 16,591,600</b> | <b>\$ 17,180,973</b> |

### **Net Position**

Net position of the Airport at December 31, 2020 is shown to the left. The largest portion (82.1%) of the Airport's net position is the net investment in capital assets (land, buildings, improvements, runways, leasehold improvements and equipment). The Airport uses these capital assets to provide aviation services to the surrounding communities. Consequently, these assets are not available for future spending. Unrestricted net position may be used to meet the Airport's ongoing obligations.

| Changes in Net Position                      |                      |                      |  |
|--|----------------------|----------------------|--|
|  | 2020                 | 2019                 |  |
| Program Revenues                             | \$ 1,276,780         | \$ 1,258,263         |  |
| Program Expenses                             | 2,618,451            | \$ 2,812,981         |  |
| <b>Operating Loss</b>                        | <b>(1,341,671)</b>   | <b>(1,554,718)</b>   |  |
| <b>Non-operating Revenues</b>                |                      |                      |  |
| Interest Income                              | 95,157               | 118,764              |  |
| Federal/State Grants-Operating               | 197,553              |                      |  |
| <b>Total Non-operating Revenues</b>          | <b>292,710</b>       | <b>118,764</b>       |  |
| <b>Net Loss before Capital Contributions</b> | <b>(1,048,961)</b>   | <b>(1,435,953)</b>   |  |
| Capital Contributions                        | 459,588              | 204,480              |  |
| <b>Change in Net Position</b>                | <b>(589,373)</b>     | <b>(1,231,473)</b>   |  |
| Net Position - Beginning                     | 17,180,973           | 18,412,446           |  |
| <b>Net Position - Ending</b>                 | <b>\$ 16,591,600</b> | <b>\$ 17,180,973</b> |  |

### Change In Net Position

The Airport's total revenues of \$2,029,078 were lower than total expenses of \$2,618,451 for a decrease in net position of \$589,373 for 2020.

## Debt Administration And Capital Assets

### Debt Administration

The Airport currently has no long-term debt.

### Capital Assets

At the end of December 31, 2020, the Airport had \$13,627,748 invested in capital assets. This represents a net decrease of \$1,029,483, or 7.02%, from 2019. This decrease is due primarily to depreciation. More detailed information about the Airport's capital assets is presented in the Notes to Financial Statements.

## Budgetary Highlights

The 2020 Airport budget was very much on target with both projected revenues and expenses.

### Economic Factors and the 2021 Budget

The Airport plays an important supportive role in the region and its financial health is impacted by economic trends and regional growth. Northern Colorado has a healthy and diverse economy that continues to experience increasing demands for all modes of transportation.

- Aviation demand continues to steadily increase in step with regional growth and economic trends.
- The Airport's air traffic control system, known as the Remote Tower Project, is scheduled for testing during the second quarter of 2021. Airport staff and project managers anticipate this project will elevate the airport to potential aeronautical operators who have expressed an interest in this project's success. Capital costs will be completely funded by CDOT and the FAA and the FAA has agreed to fund all air traffic control operating costs to maintain consistent levels of safety.
- Fuel flowage and aviation fuel tax reimbursements are tied to a percentage, relying upon the price of fuel in addition to the volume of sales. The price of fuel in the coming year will impact the amount of revenues collected from percentage-based fuel flowage and tax reimbursements. The price of fuel slowly began to increase after summer months in 2020.



- The Covid-19 pandemic created financial challenges for some airport business, prompting the Airport Commission to create a business assistance program. This program has allowed qualified businesses to defer lease payments in 2020 through first quarter of 2021. It is anticipated that these deferred lease payments could continue through 2021 with some being repaid in 2021 through 2024 in accordance with FAA guidance.

#### **Requests For Information**

This financial report is designed to provide a general overview of the Airport's finances. If you have questions about this report or need additional financial information, contact the City of Loveland Finance Department at 500 East Third Street, Loveland, Colorado, 80537.

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF NET POSITION

December 31, 2020

**ASSETS**

Current Assets

|                              |    |                |
|------------------------------|----|----------------|
| Equity in Pooled Cash        | \$ | 30,396         |
| Equity in Pooled Investments |    | 2,603,782      |
| Accounts Receivable          |    | 213,584        |
| Grants Receivable            |    | <u>252,184</u> |
| Total Current Assets         |    | 3,099,946      |

Noncurrent Assets

|                                   |  |                     |
|-----------------------------------|--|---------------------|
| Land                              |  | 563,614             |
| Construction in Progress          |  | 286,028             |
| Runways                           |  | 12,031,740          |
| Improvements Other than Buildings |  | 12,369,085          |
| Equipment                         |  | 2,707,594           |
| Buildings                         |  | <u>1,891,645</u>    |
| Total Capital Assets              |  | 29,849,706          |
| Accumulated Depreciation          |  | <u>(16,221,958)</u> |
| Capital Assets, Net               |  | <u>13,627,748</u>   |
| TOTAL ASSETS                      |  | <u>16,727,694</u>   |

**LIABILITIES**

Current Liabilities

|                           |  |                |
|---------------------------|--|----------------|
| Accounts Payable          |  | 47,884         |
| Rental deposits           |  | 16,475         |
| Accrued Liabilities       |  | <u>71,735</u>  |
| Total Current Liabilities |  | <u>136,094</u> |

**NET POSITION**

|                              |    |                          |
|------------------------------|----|--------------------------|
| Investment in Capital Assets |    | 13,627,748               |
| Unrestricted                 |    | <u>2,963,852</u>         |
| TOTAL NET POSITION           | \$ | <u><u>16,591,600</u></u> |

The accompanying notes are an integral part of the financial statements.

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2020

(With Summarized Comparative Totals for the year ended December 31, 2019)

|                                       | <u>2020</u>          | <u>2019</u>          |
|---------------------------------------|----------------------|----------------------|
| OPERATING REVENUES                    |                      |                      |
| Hangar Rental                         | \$ 224,059           | \$ 131,782           |
| FBO Rent                              | 88,336               | 88,336               |
| Gas and Oil Commissions               | 111,192              | 190,731              |
| State Aircraft Fuel Tax               | 98,233               | 137,981              |
| Land Lease                            | 332,890              | 295,820              |
| Land Lease - Police Training Center   | 361,501              | 354,677              |
| Terminal Lease and Landing Fees       | 5,700                | 8,229                |
| Parking                               | 4,805                | 11,240               |
| Miscellaneous                         | 50,064               | 39,469               |
|                                       | <u>1,276,780</u>     | <u>1,258,265</u>     |
| TOTAL OPERATING REVENUES              |                      |                      |
| OPERATING EXPENSES                    |                      |                      |
| Personal Services                     | 641,869              | 596,509              |
| Purchased Services                    | 513,984              | 732,671              |
| Supplies                              | 68,129               | 72,675               |
| Depreciation                          | 1,394,470            | 1,411,126            |
|                                       | <u>2,618,451</u>     | <u>2,812,981</u>     |
| TOTAL OPERATING EXPENSES              |                      |                      |
| OPERATING LOSS                        | <u>(1,341,671)</u>   | <u>(1,554,716)</u>   |
| NONOPERATING REVENUES                 |                      |                      |
| Interest/Investment Income            | 95,157               | 118,764              |
| Federal/State Grants                  | 197,553              | -                    |
|                                       | <u>292,710</u>       | <u>118,764</u>       |
| TOTAL NONOPERATING REVENUES           |                      |                      |
| NET LOSS BEFORE CAPITAL CONTRIBUTIONS | (1,048,961)          | (1,435,952)          |
| Capital Contributions                 | 459,588              | 204,480              |
|                                       | <u>459,588</u>       | <u>204,480</u>       |
| CHANGE IN NET POSITION                | (589,373)            | (1,231,472)          |
| NET POSITION, Beginning               | 17,180,973           | 18,412,446           |
|                                       | <u>17,180,973</u>    | <u>18,412,446</u>    |
| NET POSITION, Ending                  | \$ <u>16,591,600</u> | \$ <u>17,180,973</u> |

The accompanying notes are an integral part of the financial statements.

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

(With Summarized Comparative Totals for the year ended December 31, 2019)

|   | 2020           | 2019           |
|---|----------------|----------------|
| Cash Flows from Operating Activities  |                |                |
| Cash Received from Customers  | \$ 1,119,193   | \$ 1,258,710   |
| Cash Payments for Goods and Services  | (648,305)      | (824,973)      |
| Cash Payments to Employees  | (654,147)      | (585,747)      |
| Net Cash Used by Operating Activities   | (183,258)      | (152,011)      |
| Cash Flows from Capital and Related Financing Activities                            |                |                |
| Proceeds from Federal and State Grants  | 260,146        | 322,360        |
| Payments for Capital Acquisition  | (364,986)      | (77,825)       |
| Net Cash Provided by Capital and Related Financing Activities                       | (104,840)      | 244,535        |
| Cash Flows from Noncapital Financing Activities                                     |                |                |
| Proceeds from Federal and State Grants  | 197,553        | -              |
| Net Cash Provided by Noncapital Financing Activities                                | 197,553        | -              |
| Cash Flows from Investing Activities  |                |                |
| Purchase of Investments   | (1,038,640)    | (503,708)      |
| Proceeds from Sale of Investments   | 1,100,000      | 50,000         |
| Investment Earnings   | 58,027         | 58,308         |
| Net Cash Provided by (Used in) Investing Activities                                 | 119,387        | (395,400)      |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                                | 28,841         | (302,876)      |
| CASH AND CASH EQUIVALENTS, Beginning  | 1,555          | 304,431        |
| CASH AND CASH EQUIVALENTS, Ending   | \$ 30,396      | \$ 1,555       |
| RECONCILIATION OF OPERATING LOSS TO NET CASH<br>USED BY OPERATING ACTIVITIES        |                |                |
| Operating Loss  | \$ (1,341,671) | \$ (1,554,718) |
| Adjustments to Reconcile Operating Loss to Net Cash<br>Used by Operating Activities |                |                |
| Depreciation  | 1,394,470      | 1,411,126      |
| Changes in Assets and Liabilities   |                |                |
| (Increase)decrease in Accounts Receivable   | (157,587)      | 446            |
| Increase(decrease) in Accounts Payable  | (68,496)       | (22,898)       |
| Increase(decrease) in Accrued Liabilities   | (9,974)        | 14,033         |
| Total Adjustments   | 1,158,413      | 1,402,707      |
| Net Cash Used by Operating Activities   | \$ (183,258)   | \$ (152,011)   |

The accompanying notes are an integral part of the financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2020

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Northern Colorado Regional Airport (the Airport) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The more significant accounting policies of the Airport are described below.

#### **Reporting Entity**

In accordance with governmental accounting standards, the Airport has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The Airport is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Airport officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Airport. The Airport may also be financially accountable for other organizations that are fiscally dependent upon it.

Based upon the application of these criteria, no additional organizations are includable within the Airport's reporting entity.

The Airport is jointly operated under an Intergovernmental Agreement between the Cities of Fort Collins and Loveland, Colorado. Only the financial transactions of this joint venture are included in this report, and the Airport is not included as a component unit of any other government.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Airport uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Airport's practice to use restricted resources first, then unrestricted resources as they are needed.

#### **Cash and Investments**

The Airport's cash and investments are pooled with those of the City of Loveland. The City of Loveland's Investment Policy authorizes investments in accordance with State statutes for the

**NOTE 1:**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

investing of public funds. Current investment holdings may include Certificates of Deposit, U.S. Treasury Notes, U.S. Agency Securities, Municipal Bonds and Corporate Bonds that mature within seven years. Investments are stated at fair value. Because the investments are part of a pool, the underlying securities cannot be determined. For the purposes of the statement of cash flows, management defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less. Cash equivalents are both readily convertible to cash and are so near their maturity that they present insignificant risk of change in value due to interest rate changes. The Airport's cash is approximately 0.001% of the City's cash balance.

**Receivables**

Receivables consist primarily of federal and state grants, land and hangar leases, as well as other miscellaneous receivables. At December 31, 2020, the grants receivable balance was \$252,184.

**Capital Assets**

Capital assets include land, improvements, buildings, runways, leasehold improvements and equipment. Capital assets are defined by the Airport as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the 6-month convention method over the estimated useful lives of the assets. Buildings are depreciated over a period from 10 to 25 years; improvements from 10 to 20 years, runways are 20 to 25 years, leasehold improvements from 7 to 50 years and equipment from 3 to 30 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

**Accrued Liabilities**

Accrued liabilities consist primarily of Accrued Compensated Absences and miscellaneous payments to vendors due in the current year but not actually paid until the following year.

**Compensated Absences**

Airport employees are allowed to accumulate vacation and sick time as stipulated in the administrative regulations of the City of Loveland. A liability is recorded on the Airport financial statements for these accrued compensated absences. At December 31, 2020, the Accrued Compensated Absence balance was \$47,040.

**NOTE 1:**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Position**

Net position is restricted when constraints placed on the net assets are externally imposed.

**Comparative Data**

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Accordingly, such information should be read in conjunction with the Airport's financial statements as of and for the year ended December 31, 2019.

**Adoption of New Accounting Pronouncements**

The GASB has issued several statements not yet implemented by the Airport. Airport management has not yet determined the effect the Statements will have on the financial statements. However, the Airport intends to implement all standards by the required dates. The Standard which will impact the Airport is as follows:

GASB Statement No. 87, *Leases*, issued June 2017, originally effective December 31, 2020, though GASB has extended the implementation date and now will be effective for the Airport beginning with its fiscal year ending December 31, 2022. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessor must recognize (1) a lease receivable and (2) a deferred inflow of resources. In addition, the Airport must recognize interest revenue on the lease receivable and an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognize from leases. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases.

**NOTE 2:**      **CASH AND INVESTMENTS**

Cash and investments at December 31, 2020, consisted of the following:

|             |                  |
|-------------|------------------|
| Deposits    | \$ 30,396        |
| Investments | <u>2,603,782</u> |
| Total       | \$ 2,634,178     |

Deposits and investments are displayed within this report as follows:

|                              |                  |
|------------------------------|------------------|
| Equity in Pooled Cash        | \$ 30,396        |
| Equity in Pooled Investments | <u>2,603,782</u> |
| Total                        | \$ 2,634,178     |



## **NOTE 2:**     **CASH AND INVESTMENTS (continued)**

### **Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. The State banking commissioner regulates the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020 the Airport had \$6,496 collateralized with securities held by the financial institution's agent but not in the Airport's or City of Loveland's name.

### **Investments**

The City of Loveland of which the Airport is a joint venture has an investment policy which specifies the investment instruments including rating, maturity and concentration risk criteria in which the City may invest. These investment instruments may include:

- Obligations of the United States and certain US Agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Commercial paper
- Corporate or bank issue debt
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market accounts
- Guaranteed investment contracts
- Local government investment pools

### **Fair Value**

The Airport categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Airport's investments are approximately 1.52% of the City's investments and the numbers below are the Airport's percentage:

The Airport has the following recurring fair value measurements as of December 31, 2020:

- U.S. Treasury securities of \$623,623 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$1,490,453 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$288,913 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$185,979 are valued using matrix pricing techniques (Level 2 inputs)

### **Investments Held in our Colorado Surplus Asset Fund Trust**

The Airport invested \$1,443 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is valued at amortized cost. The investments conform to its permitted investments and will meet Standard & Poor's investment guidelines to achieve an AAAM rating, the highest attainable rating for a Local Government Investment Pool. Information related to CSAFE can be found at their website, [www.csafe.org](http://www.csafe.org).

**NOTE 2: CASH AND INVESTMENTS (continued)**

At December 31, 2020, the Airport had the following investments:

| Investment type         | STANDARD AND POOR'S RATING | LESS THAN 1        | 1 TO 3 YEARS      | 4 TO 5 YEARS        | MORE THAN 5 | TOTAL               |
|-------------------------|----------------------------|--------------------|-------------------|---------------------|-------------|---------------------|
| Certificates of Deposit | N/A                        | \$14,814           | \$0               | \$0                 | -           | \$14,814            |
| U.S. Treasury Notes     | N/A                        | 229,837            | 80,802            | 312,984             | -           | 623,623             |
| U.S. Agency Securities  | AA+                        | 636,547            | 236,430           | 617,476             | -           | 1,490,453           |
| Corporate Bonds         | AA-/A-/A-/AA/AA+           | 153,094            | 135,819           |                     | -           | 288,913             |
| Municipal Bonds         | AA/AA+                     | 49,120             | 58,637            | 78,222              | -           | 185,979             |
| <b>Total</b>            |                            | <b>\$1,083,412</b> | <b>\$ 511,688</b> | <b>\$ 1,008,682</b> | -           | <b>\$ 2,603,782</b> |

The Airport participates in the City of Loveland's pooled cash and investments; therefore the following applies to the Airport's cash and investment balances:

1. Interest Rate Risk: State statutes and the City of Loveland's Investment Policy limit investments in US Treasury and Agency securities to an original maturity up to five years with a minimum credit rating of A+/A1. State Statutes and the City's Investment Policy require all repurchase agreements with a maturity of less than 1 year and collateralized with securities allowed by statute at no less than 102% of fair value. State statutes and the City's Investment Policy limit investments in corporate bonds to an original maturity of three years or less.
2. Credit Risk: State statutes and the City of Loveland's Investment Policy limit investments in US Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes and the City's Investment Policy limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with rules governing government investment pools, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes and the City's Investment Policy limit investments in corporate bonds and Foreign Issues to a minimum credit rating of "AA- or Aa3" by two or more NRSROs. At December 31, 2020, the City held no corporate bonds with a rating lower than the minimum rating.
3. Custodial Credit Risk: The City of Loveland's Investment Policy requires that securities purchased from any bank or dealer, including appropriate collateral, be placed with an independent third party for custodial safekeeping. The City has entered into an agency agreement with US Bank-Denver to establish an Investment Management Account pursuant to Colorado Revised Statutes. The City's pooled cash is invested in this account. The Bank purchases investments for the City and maintains an internal accounting record of all investments of the City. All investment transactions are approved by City management. All investments, held and maintained by the Trust Department of the Bank, are specifically separate from the investments of the bank and are identified as being investments of the City of Loveland. Investments of Loveland Special Improvement District #1 are held by other banks in their Trust Departments and are also specifically identified as being investments of the City of Loveland.
4. Concentration of Credit Risk: The City of Loveland's Investment Policy does not limit the amount the City may invest in one issuer. The City had investments in US agency securities greater than 5% of its total portfolio as follows, the Airport's percent is 1.52% of the City's total investments:
  - a. US Treasury Notes (23.95%)
  - b. Federal Home Loan Bank (14.91%)
  - c. Federal National Mortgage Association (14.82%)
  - d. Federal Home Loan Mortgage Corporation (18.75%)
  - e. Federal Farm Credit Bank (8.77%).

**NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY****Budgets and Budgetary Accounting**

The budget is developed by the City of Loveland's staff on a non-GAAP budgetary basis, which includes budgeting for capital outlay and excludes depreciation. The budget is then submitted to the Northern Colorado Regional Airport Commission. Upon approval by the Northern Colorado Regional Airport Commission, the City of Loveland legally adopts the budget before commencement of the following fiscal year as part of the support role for the City in the Airport Management IGA between the City of Loveland and City of Fort Collins. The budget includes proposed expenditures and the means of financing them. Expenditures may not legally exceed budgeted appropriations at the fund level. Revisions that alter total expenditures of the fund must be approved by the City Councils. Appropriations lapse at year end.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2020 is below:

|  | Balances<br>12/31/19 | Additions             | Deletions   | Balances<br>12/31/20 |
|--|----------------------|-----------------------|-------------|----------------------|
| Capital Assets, Not Being Depreciated        |                      |                       |             |                      |
| Land   | \$ 563,614           | \$ -                  | \$ -        | \$ 563,614           |
| Construction in Progress                     | -                    | 286,028               |             | 286,028              |
| Total Capital Assets, Not Being Depreciated  | 563,614              | 286,028               | -           | 849,642              |
| Capital Assets, Being Depreciated            |                      |                       |             |                      |
| Runways                                      | 12,031,741           |                       | -           | 12,031,741           |
| Improvements                                 | 10,807,424           |                       | -           | 10,807,424           |
| Equipment                                    | 2,628,636            | 78,958                | -           | 2,707,594            |
| Buildings                                    | 1,891,645            |                       | -           | 1,891,645            |
| Leasehold Improvements                       | 1,561,661            | -                     | -           | 1,561,661            |
| Total Capital Assets, Being Depreciated      | 28,921,107           | 78,958                | -           | 29,000,065           |
| Less Accumulated Depreciation                |                      |                       |             |                      |
| Runways                                      | (6,631,424)          | (574,284)             | -           | (7,205,708)          |
| Improvements                                 | (5,028,140)          | (547,241)             | -           | (5,575,381)          |
| Equipment                                    | (1,702,086)          | (150,219)             | -           | (1,852,305)          |
| Buildings                                    | (394,810)            | (65,253)              | -           | (460,063)            |
| Leasehold Improvements                       | (1,071,030)          | (57,472)              | -           | (1,128,502)          |
| Total Accumulated Depreciation               | (14,827,490)         | (1,394,469)           | -           | (16,221,959)         |
| Total Capital Assets, Being Depreciated, Net | 14,093,617           | (1,315,511)           | -           | 12,778,106           |
| Total Capital Assets, Net                    | <b>\$ 14,657,231</b> | <b>\$ (1,029,483)</b> | <b>\$ -</b> | <b>\$ 13,627,748</b> |

**Construction Commitments**

At December 31, 2020, the Airport had construction projects in progress as follows:

| Project                       | Budget      | Cost to Date |
|-------------------------------|-------------|--------------|
| Commercial Apron Construction | \$3,000,000 | \$ 57,686    |
| New Terminal Building         | \$1,540,000 | \$228,342    |

**NOTE 5:**      **RISK MANAGEMENT**

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Cities of Fort Collins and Loveland carry commercial insurance for these risks of loss. During the last three years, there have not been any claims that exceeded coverage.

**NOTE 6:**      **CONTRACTURAL AGREEMENTS**

**Facilities Leased to Fixed Base Operator**

The City of Loveland, on behalf of the Airport, leases certain facilities to the Fixed Base Operator (FBO). The 24-year lease agreement includes monthly rent of land and improvements for the first four years at \$4,766 a month. The base monthly rent payments was set at \$6,824 beginning May 1, 2015. However, the annual base rent shall also be increased on May 1, 2018 and on each third anniversary in an amount equal to the increase, if any, in the "Consumer Price Index". After the initial term expiration on April 30, 2035, the Lessee shall have the option to extend the term of the agreement for two additional periods of five years each. The current rate is \$88,336, which is set to the increase based on CPI on May 1, 2021. The agreement also provides for a fuel flowage fee of 6% of delivered fuel cost or \$.08 per gallon, whichever is higher.

**Intergovernmental Agreements**

The Airport is jointly operated under an Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado. This Agreement was approved by the City of Loveland City Council on May 17, 2016 to reflect the changed airport name and to expand the Airport Commission's authority.

Since July 3, 1979, ownership of assets vests equally with each city. Assets acquired prior to July 3, 1979 vested one-third with the City of Loveland and two-thirds with the City of Fort Collins.

Pursuant to the agreement, any needed contributions for annual operating budgets or capital improvements are shared equally by both cities. Also, either city may invest additional funds in the Airport as it sees fit. The agreement provides that if either city does not pay its one-half of agreed expenses in a given year, it will convey to the other city 10% of its total Airport ownership.

A second Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado was entered into March 19, 2019, for the lease of certain real property at the Airport for a Police Training Center. The Intergovernmental Agreement calls for each City to pay fair value rent to the Airport in equal payments on a quarterly basis. The rental rate will be adjusted annually by using the CPI as published by the Bureau of Labor Statistics. The term of the rental period is 50 years. Each City paid \$180,751 in rental payments in 2020.

Certain administrative services are provided by the City of Loveland. These include legal services, accounting and purchasing, audit costs, personnel and benefits administration, engineering, facilities maintenance, general administration, environment services and risk and insurance management. In 2020, the City of Loveland was paid \$23,450 for these services. The City also provided the Airport Fleet maintenance services in the amount of \$53,156 and utilities in the amount of \$118,178.

**NOTE 6:** [CONTRACTURAL AGREEMENTS \(continued\)](#)

As part of personnel administration, the employees of the Airport also participate in the City of Loveland's 401(a) money purchase plan that was established (and may be amended) by City Council of the City of Loveland. This Plan requires contributions of 5% from the employer and 3% from the employee. The Airport contributed \$21,691 to the Plan in 2020, representing the required contributions.

**NOTE 7:** [COMMITMENTS AND CONTINGENCIES](#)

**TABOR Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including raising revenue, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Airport believes it is in compliance with the requirements of the Amendment.

The Airport is operated as a unit of each City through the Intergovernmental Agreement; therefore both the City of Loveland and the City of Fort Collins includes the Airport's emergency reserves in its city-wide financial statements.

**Claims and Judgments**

The City of Loveland receives Federal and State grants for use by the Airport. These grants are reported as grant revenues in the Airport's financial statements. However, certain Federal compliance and reporting requirements remain the responsibility of the City of Loveland. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Airport may be required to reimburse the grantor government. As of December 31, 2020, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Airport.

**Lease Commitments**

The Airport is obligated to pay the Fixed Base Operator for modification, upgrade, or replacement of the Fuel Farm equipment to the extent the cost of such modification, upgrade or replacement, exceeds \$50,000.

NORTHERN COLORADO REGIONAL AIRPORT

BUDGETARY COMPARISON SCHEDULE  
(NON-GAAP BUDGETARY BASIS)

Year Ended December 31, 2020

(With Summarized Comparative Totals for the year ended December 31, 2019)

|   | 2020         |              |              | DIFFERENCE   | 2019           |
|---|--------------|--------------|--------------|--------------|----------------|
|   | BUDGET       |              |              | WITH FINAL   | 2019           |
|   | ORIGINAL     | FINAL        | ACTUAL       | BUDGET       | ACTUAL         |
| REVENUES                                |              |              |              |              |                |
| Hangar Rental                           | \$ 150,000   | \$ 150,000   | \$ 224,059   | \$ 74,059    | \$ 131,782     |
| FBO Rent                                | 88,250       | 88,250       | 88,336       | 86           | 88,336         |
| Gas and Oil Commissions                 | 180,000      | 180,000      | 111,192      | (68,808)     | 190,731        |
| State Aircraft Fuel Tax                 | 95,000       | 95,000       | 98,233       | 3,233        | 137,981        |
| Land Lease                              | 280,000      | 280,000      | 332,890      | 52,890       | 295,820        |
| Land Lease - Police Training Center     | 364,000      | 364,000      | 361,501      | (2,499)      | 354,677        |
| Terminal Lease and Landing Fees         | 9,000        | 9,000        | 5,700        | (3,300)      | 8,229          |
| Parking                                 | 10,000       | 10,000       | 4,805        | (5,195)      | 11,240         |
| Interest/Investment Income (Losses)     | 25,000       | 25,000       | 95,157       | 70,157       | 118,764        |
| Federal and State Grants                | 922,000      | 1,039,941    | 657,141      | (382,800)    | 204,480        |
| Miscellaneous                           | 36,900       | 36,900       | 50,063       | 13,163       | 39,468         |
| TOTAL REVENUES                          | 2,160,150    | 2,278,091    | 2,029,077    | (249,014)    | 1,581,508      |
| EXPENDITURES                            |              |              |              |              |                |
| Personal Services                       | 703,431      | 703,431      | 641,868      | 61,563       | 596,508        |
| Purchased Services                      | 514,960      | 616,917      | 513,984      | 102,933      | 732,671        |
| Supplies                                | 74,500       | 74,500       | 68,129       | 6,371        | 72,675         |
| Capital Outlay                          | 1,481,000    | 1,517,000    | 364,986      | 1,152,014    | 77,825         |
| TOTAL EXPENDITURES                      | 2,773,891    | 2,911,848    | 1,588,967    | 1,322,881    | 1,479,679      |
| CHANGE IN NET POSITION, Budgetary Basis | \$ (613,741) | \$ (633,757) | 440,110      | \$ 1,073,867 | 101,829        |
| RECONCILIATION TO GAAP BASIS            |              |              |              |              |                |
| Capital Outlay                          |              |              | 364,986      |              | 77,825         |
| Depreciation                            |              |              | (1,394,470)  |              | (1,411,126)    |
| CHANGE IN NET POSITION, GAAP Basis      |              |              | \$ (589,373) |              | \$ (1,231,473) |

See the accompanying Independent Auditors' Report.

### **Notes to Budgetary Comparison Schedule:**

The Airport follows the City of Loveland's procedures in establishing the budget as reflected in the financial statements:

1. Prior to September 20, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 15, the budget is legally enacted through passage of an ordinance. This ordinance authorizes a lump-sum expenditure budget for the City taken as a whole. An appropriation ordinance is also adopted which allocates the total budget to each individual fund. This allocation of the appropriation may not be legally exceeded by an individual fund.
4. Supplemental appropriations are approved on an individual fund level basis.
5. All appropriations lapse at year-end per State statutes.





Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's  
Report**

To Management and the Northern Colorado  
Regional Airport Commission  
Northern Colorado Regional Airport

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northern Colorado Regional Airport (the "Airport") as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated May 19, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Airport's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Northern Colorado Regional Airport Commission  
Northern Colorado Regional Airport

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moreau, PLLC*

May 19, 2021

Prepared by:  
Finance Department  
Accounting Division



**City of Loveland**  
**COLORADO**



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# Presentation to the Airport Commission– Northern Colorado Regional Airport

June 2021



# Key Deliverables

- Opinion on the Northern Colorado Regional Airport financial statements
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Communication between auditors and those charged with governance.





# Opinion on Airport financial statements

- Plante Moran has completed our audit of the financial statements of Northern Colorado Regional Airport (the “Airport”) for the year ended December 31, 2020. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
- We issued an unmodified opinion on the financial statements.
- The objective of our audit was to obtain reasonable—not absolute—assurance about whether the financial statements are free from material misstatement.
- All records and information requested by us were available for our inspection.
- For this year’s audit, our fieldwork was conducted remotely. Management provided support for all items requested and full cooperation and we did not experience any difficulties in performing our audit.
- Based on the amount of expenditures and federal awards during the year, an audit of federal expenditures was not required to be performed.



# Opinion on Airport financial statements

We have reviewed the accounting practices, which include policies, estimates, and financial statement disclosures, related to the following areas of focus:

| Primary Area of Focus                 | Procedures and Findings   |
|---------------------------------------|---|
| Revenue Recognition                   | <ul style="list-style-type: none"><li>• Through observation and inquiry, we put together a memo for understanding of the Airport's various revenue streams.</li><li>• Tested a sample of revenue transactions by agreeing to cash receipt documentation and related invoice or agreement as applicable.</li><li>• Analytically tested 2020 revenues as a percentage of various key performance indicators.</li></ul>                                  |
| Accounts Receivables and Allowances   | <ul style="list-style-type: none"><li>• Performed testing on significant AR balances through subsequent cash receipt reviews and ensuring grant receivables were for valid grant expenses</li><li>• Tested the aging to assess the need for an allowance for doubtful accounts.</li></ul>   |
| Capital Assets                        | <ul style="list-style-type: none"><li>• Obtained a rollforward schedule of capital asset balances from January 1, 2020, through December 31, 2020.</li><li>• Agreed the rollforward schedule of capital assets to supporting detailed schedules.</li><li>• Selected a sample of capital asset additions during the year to vouch to supporting documentation.</li><li>• Tested depreciation expense analytically and through recalculation.</li></ul> |
| Accounts Payable and Accrued Expenses | <ul style="list-style-type: none"><li>• Tested actual expenditures subsequent to year-end to support year-end accruals.</li><li>• Reviewed other supporting documentation as considered necessary.</li></ul>  |



# Report on Internal Controls and Compliance

## Internal Control Over Financial Reporting

In conjunction with our audit of the financial statements of the Airport, we considered the Airport's internal control over financial reporting ("ICFR") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's ICFR. In addition, our consideration of ICFR was not designed to identify all deficiencies in ICFR that might be significant deficiencies or material weaknesses. Accordingly, we do not express an opinion on the effectiveness of the Airport's ICFR. However, we are required to communicate, in writing, to management and those charged with governance all material weaknesses and significant deficiencies that have been identified during our audit.

| Category                      | Definition  |
|-------------------------------|---|
| <b>Material Weakness</b>      | A deficiency, or a combination of deficiencies in ICFR, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented, or detected and corrected, on a timely basis. |
| <b>Significant Deficiency</b> | A deficiency, or a combination of deficiencies, in ICFR that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the Airport's financial reporting.  |
| <b>Control Deficiency</b>     | A deficiency in ICFR exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.                |

In conjunction with our audit, we did not identify any deficiencies in ICFR that we consider to be material weaknesses.





# Report on Internal Controls and Compliance

Report on Compliance with Requirements Applicable to Federal Programs and on Internal Control Over Compliance

## Opinion on Compliance

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that could have a direct and material effect for the year ended December 31, 2020.

## Internal Control Over Compliance

Our consideration of internal control over compliance was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.



# Required Communications

Professional guidance requires independent auditors to communicate with those charged with governance certain matters in relation to an audit. Following is a summary of those required items along with specific discussion points as they pertain to the Airport:

| Requirement  | Discussion Points  |
|--|--|
| <b>Auditors' judgment about the quality of the Airport's accounting policies, estimates, and financial statement disclosures</b> | In accordance with applicable accounting standards, we reviewed the quality of the Airport's financial reporting, which includes the Airport's significant accounting practices, estimates, and financial statement disclosures. |
| <b>Critical accounting policies and practices</b>  | The significant accounting policies used by the Airport are described in Note 1 to the financial statements. No new accounting pronouncements adopted in the current year.   |
| <b>Adoption of a change in accounting principle</b>  | None   |
| <b>Material corrected misstatements brought to the attention of management by the auditors</b>                                   | There were no material corrected misstatements brought to the attention of management by the auditors.   |



# Required Communications

Professional guidance requires independent auditors to communicate with those charged with governance certain matters in relation to an audit. Following is a summary of those required items along with specific discussion points as they pertain to the Airport:

| Requirement   | Discussion Points   |
|---|---|
| Unrecorded misstatements, other than those the auditors believe to be trivial | There were no uncorrected misstatements outside of those the auditors believe to be trivial.  |
| Disagreements with management   | There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditors' reports.   |
| Consultations with other accountants  | We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.                                     |
| Major issues discussed with management prior to retention                     | We generally discuss a variety of matters, including the application of accounting principles and accounting standards, with management prior to acceptance as the Airport's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. |



# Required Communications

Professional guidance requires independent auditors to communicate with those charged with governance certain matters in relation to an audit. Following is a summary of those required items along with specific discussion points as they pertain to the Airport:

| Requirement   | Discussion Points  |
|---|--|
| Significant difficulties encountered during the audit   | There were no significant difficulties encountered during the audit.   |
| Fraud and potential illegal acts involving senior management and those that cause a material misstatement of the financial statements | During the course of our audit, we did not become aware of any illegal acts or fraud committed by the Airport's management or its employees. |
| Representations requested from management   | We request certain representations from management, which are included in the management representation letter.                              |
| Other issues arising from the audit the auditors consider significant and relevant to those charged with governance                   | There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.                |
| Material alternative accounting treatments discussed with management  | There was no discussion with management concerning alternative accounting treatments.  |



# Questions?

**Thank you for the opportunity  
to serve as auditors for the  
Northern Colorado Regional Airport**

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Lisa Meacham, Colleague Partner  
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# NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538  
(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

**ITEM NUMBER:** 6

**MEETING DATE:** June 17, 2021

**PREPARED BY:** Aaron Ehle, Airport Planning & Development Specialist

## **TITLE**

Fort Collins-Loveland jetCenter Development Proposal

## **RECOMMENDED AIRPORT COMMISSION ACTION**

Make a motion to approve the lease agreement as presented

## **BUDGET IMPACT**

Positive

### Financial Estimates

|                               | T-hangar<br>Rental<br>Revenue | Land<br>Lease<br>Revenue  | Lease Total | Approx. Fuel<br>Sales Associated<br>with<br>Redevelopment<br>Area (Gallons) | Estimated<br>Fuel<br>Flowage<br>Revenue | Administration<br>and<br>Maintenance<br>Costs | Net Revenue |
|-------------------------------|-------------------------------|---|-------------|---|---|---|-------------|
| Current                       | \$184,728                     | \$0   | \$184,728   | 10,500  | \$3,660                                 | \$15,600                                      | \$172,788   |
| First Year of lease (Phase I) | \$89,702                      | \$22,129  | \$111,831   | 126,930   | \$37,912                                | \$0   | \$149,743   |
| Average per Year              | \$15,496                      | \$75,025  | \$90,521    | 325,125   | \$96,231                                | \$0   | \$186,752   |
| Total                         | \$619,840                     | \$3,000,985   | \$3,620,825 | 13,005,000  | \$1,603,856                             | 0   | \$5,224,682 |
|                               | Assumptions:                  | Phase II built at year 5 and Phase III built at year 9                              |             |   |   |   |             |
|                               |                               | Each phase increases fuel sales by 120,000 gallons per year (FCLJC estimate)        |             |   |   |   |             |
|                               |                               | Estimated Fuel Flowage Revenue based on current prices - not adjusted for inflation |             |   |   |   |             |
|                               |                               | Rent adjusted for inflation - escalated at 2% per year                              |             |   |   |   |             |

## **SUMMARY**

This is an administrative item. Airport Commission approval is required for land lease agreements with terms longer than 10 years. The draft lease for consideration has an initial term of 25 years, with three 5-year options, which is standards for traditional hangar leases, and is being presented in accordance with all Federal Aviation Administration (FAA) and Airport plans and policies.

The Airport Commission has provided direction to staff in the form of the adopted Airport Master Plan, Strategic Plan, and through various discussions to strive to find the best way to utilize Airport property. The Airport has been planning for redevelopment of the oldest T-hangars since before the 2007 Airport Master Plan was adopted by the Cities.



A T-hangar is called this due to the unique shape that each hangar has that allows it to house small aircraft and nest with one another maintaining a rectangular shape of a building.

The first three rows of T-hangars, which are owned by the Airport/Cities, were built between 1964 and 1977 and are nearing the end of their serviceable lifespans. A total of four buildings with 58 total hangar units are currently managed and maintained by Airport staff, 55 of which are leased to aircraft owners on a month-to-month basis. The remaining three units have been determined to be costlier to repair than lease due to significant structural issues. Ownership of the last 19 units in these buildings reverted to the Airport/Cities in April of 2020. All other T-hangars at the Airport are privately owned.

In March, the fixed base operator (FBO), Fort Collins-Loveland jetCenter (FCLJC) submitted an unsolicited proposal to Airport staff to lease and redevelop this area as an extension of their adjacent leasehold. The jetCenter company operates three FBOs in Colorado and has been FNL's FBO operator since 1994, providing most services to general and commercial aviation aircraft operating at the Airport. Since receiving this proposal from jetCenter, Airport staff has negotiated potential lease terms that include FCLJC leasing 175,752 square feet of airport property and replacing the old T-hangars with larger hangars in three phases. FCLJC have agreed to assume management and maintenance of the T-hangars as they are phased out, with the Airport retaining 80% of the rental revenue generated by the units. FCLJC estimates their total investment in improvements for all three phases to be \$25-\$30 million in current value (actual costs will likely be higher due to inflation).

The phased approach will give the majority of the tenants of these hangars several years to find alternative hangar space. FCLJC has committed to providing at least six months of notice to all tenants prior to being displaced. There are currently two development projects, Homestead Hangars and Latched Kowell Hangars, that are anticipated to add 26 hangar units to the Airport that could support multiple aircraft for each unit that are displaced by the redevelopment of the T-hangars. It is also expected that this project will promote additional new hangar development.

The phased approach is in line with the recently approved Discovery Air lease agreement amendment. The Planning & Development Subcommittee (PDSC) reviewed the proposal and negotiated lease terms at their May 26<sup>th</sup> meeting and voted unanimously to recommend approval of the lease.

## Proposed Rent Structure

| 25-year lease with three 5-year extensions |   |                                     |
|--|---|-------------------------------------|
| Phase I                                    | Square Feet   | 53,366                              |
|  | Rent Rate   | \$0.30 adjusted annually for CPI    |
| Phase II                                   | Square Feet   | 70,708                              |
|  | Preliminary Rent Rate   | \$0.05 adjusted annually for CPI    |
|  |   | 80% of 4930 T-hagars rental revenue |
|  | Rent Rate beginning year 5 or start of Phase II Construction  | Same as adjustd Phase I rate        |
| Phase III                                  | Square Feet   | 51,678                              |
|  | Preliminary Rent Rate   | \$0.05 adjusted annually for CPI    |
|  |   | 80% of 4960 T-hagars rental revenue |
|  | Rent Rate beginning year 9 or start of Phase III Construction | Same as adjustd Phase I rate        |

## Site Overview



## **ATTACHMENTS**

Fort Collins-Loveland jetCenter Development Proposal  
 Airport Master Plan Approved Layout  
 FCLJC Redevelopment Proposal PowerPoint  
 Fort Collins-Loveland jetCenter Lease Agreement  
 Resolution R-9-2021



## **Jet Center Hangar Project Narrative**

Fort Collins – Loveland jetCenter (“FCLJC”) has been a dedicated service provider and stakeholder at the FNL airport for 26 years. As you know, FCLJC is also part of the jetCenters of Colorado FBO network. Our network is comprised of three full service Fixed Based Operators (“FBOs”) along Colorado’s Front Range, including Colorado jetCenter at Colorado Springs Municipal Airport and Denver jetCenter at Centennial Airport. Our three locations collectively employ over 100 people, operating on 225 acres of airport real estate and selling more than 21 million gallons of aviation fuel annually. Our corporate office is headquartered in Greenwood Village, Colorado. Please visit our website [www.jetcentersofcolorado.com](http://www.jetcentersofcolorado.com) for more network information.

As our network continually monitors the expanding aviation potential along the front range, we actively look for opportunities to invest, grow and enhance our operations. The rate of statewide development and favorable industry conditions have now combined to enable significant investment in FCLJC and the airport.

Our current FBO terminal hangar is too small to accommodate large Gulfstream and Global Express aircraft. Which is one of the most rapidly growing segments of today's business jet fleet. We must meet the growing demand for overnight hangar space for these aircraft. We believe many of these large jet operators are currently using neighboring airports while conducting business in the Loveland, Fort Collins, and Windsor areas. Many would prefer to use FNL if they could obtain an overnight hangar.

Therefore, we are proposing to construct Gulfstream and Global Express size hangars in a phased approach on the 175,752 SF land parcel adjacent to our FBO terminal and hangar complex (the “Adjacent Site”), where some of the airport T-hangars are currently located (see Exhibit A). We envision phase one (see Exhibit B) to include a 22,000 to 24,000 SF hangar with a door height of 28 feet and an option for future office space. Our preliminary cost estimate for phase one is \$6M to \$7M. Phase one construction will require the removal of approximately half of the two westernmost rows of T-hangars. FCLJC will assume all costs and meet all code requirements associated with this project, including site prep, T-hangar removal, utility hook-ups, building and ramp construction, etc.

Phase two, located just south of the phase one hangar, would include demolition of the remaining T-hangars to construct a similar hangar as phase one. Phase three will consist of constructing a smaller 5,400 SF hangars for mid-size aircraft. Please reference Exhibit B for an aerial view of the aircraft that will occupy the two larger hangars. The construction timetable for the second and third hangars will be market-driven.

We have provided an architectural rendering of the phase one hangar concept in Exhibit C.

Additionally, upon execution of the proposed leased space, FCLJC would manage these T-hangars for the airport for a 20% management fee to handle the accounting, leasing, insurance, and maintenance.

It is our understating that there is substantial demand for T-hangars and/or shelters at FNL. Our plan provides adequate time for the airport or a third party to build as many T-hangars or shelters elsewhere as needed to replace the T-hangars that will be removed during our phased development.

This project will benefit the airport in terms of increased business and revenue generation while converting an under-utilized parcel of airport property to serve its highest and best use into the foreseeable future. Given the magnitude of our proposed investment, we are seeking a 40-year lease term, comprised of an initial 25 years, plus three (3) Five (5) year options.

We look forward to meeting with you at your earliest convenience to discuss this proposal in greater detail, answer any questions you may have and work toward refining the proposal into a mutually agreeable plan.

Respectfully yours,

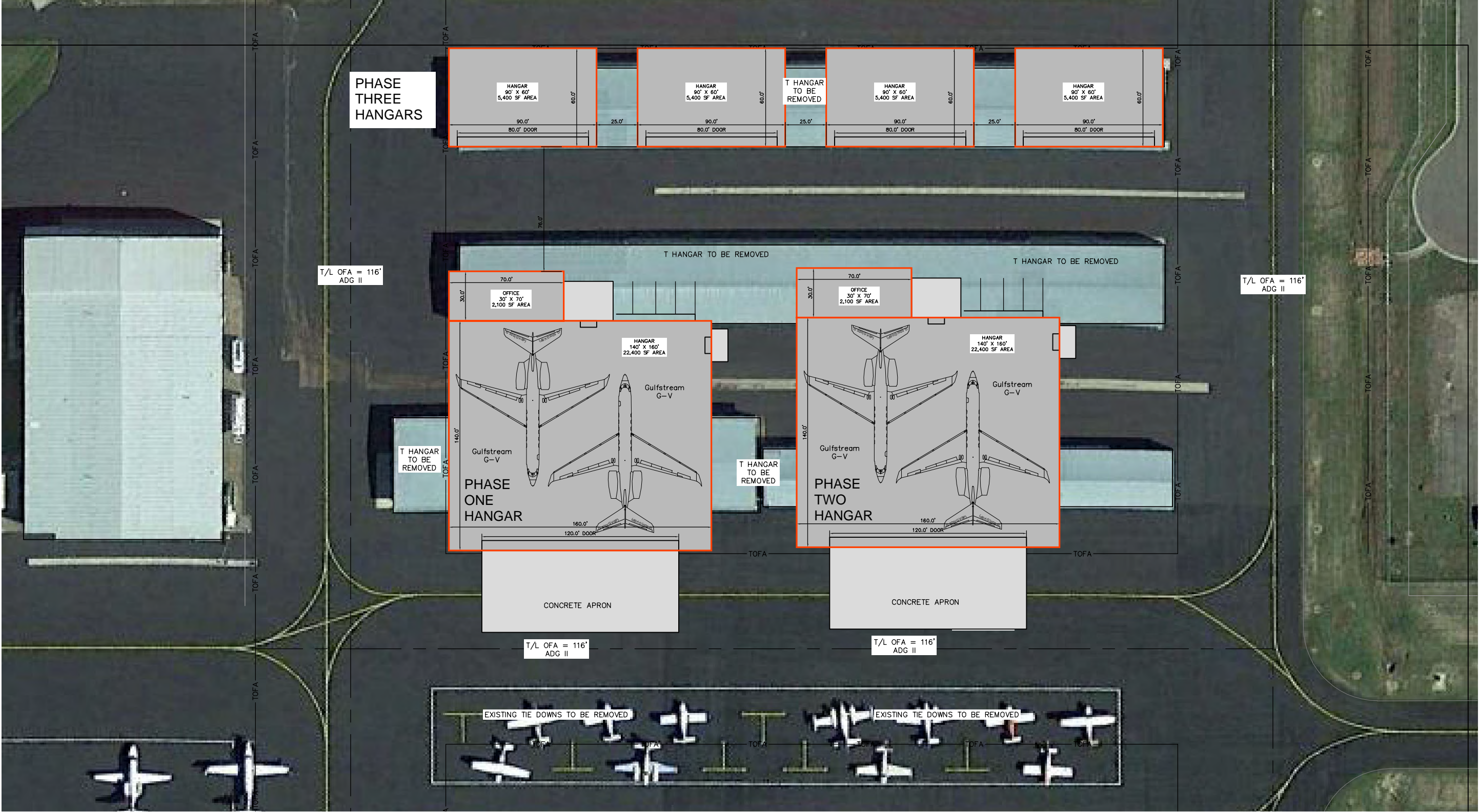
The Jet Center administration and design team



EXHIBIT A



FORT COLLINS-LOVELAND JETCENTER  
PROPOSED HANGAR LAYOUT  
NORTHERN COLORADO REGIONAL AIRPORT (FNL)  
LOVELAND, COLORADO

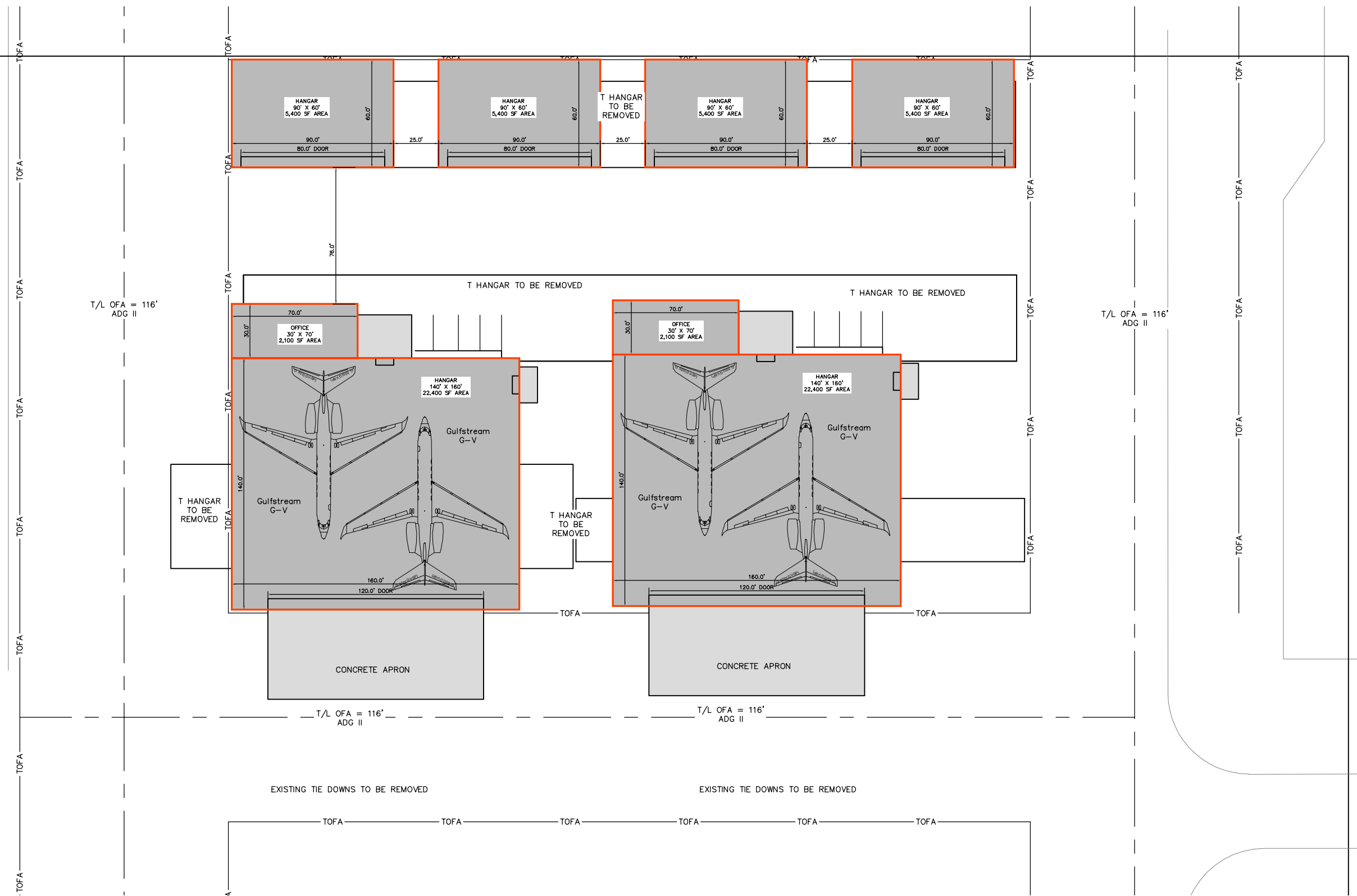


ULTIMATE PROPOSED HANGAR SITE  
EXHIBIT B



FORT COLLINS-LOVELAND JETCENTER  
PROPOSED HANGAR LAYOUT  
NORTHERN COLORADO REGIONAL AIRPORT (FNL)  
LOVELAND, COLORADO

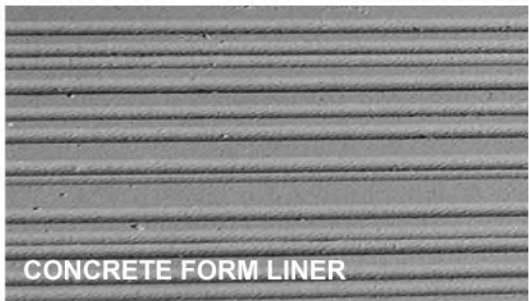
K:\DEN\_Aviation\Airport Data and Marketing\FNL Ft. Collins-Loveland, CO\2021-03 FNL JetCenter Hangars\CADD\2021-04-26 Ultimate Proposed Hangar Site No Aerial.dwg



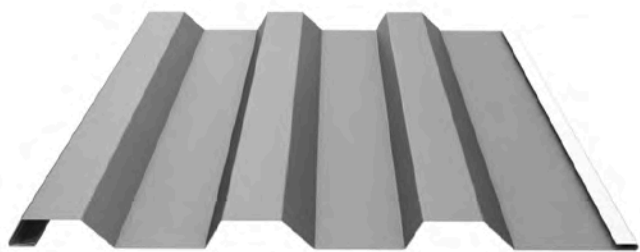
ULTIMATE PROPOSED HANGAR SITE



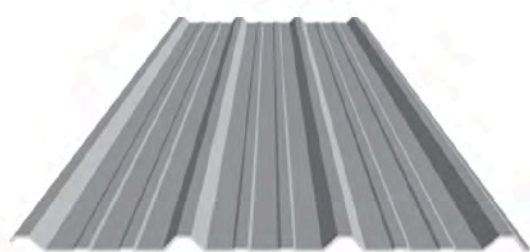




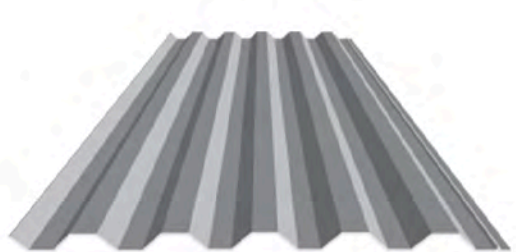
CONCRETE FORM LINER



METAL PANEL 'A'



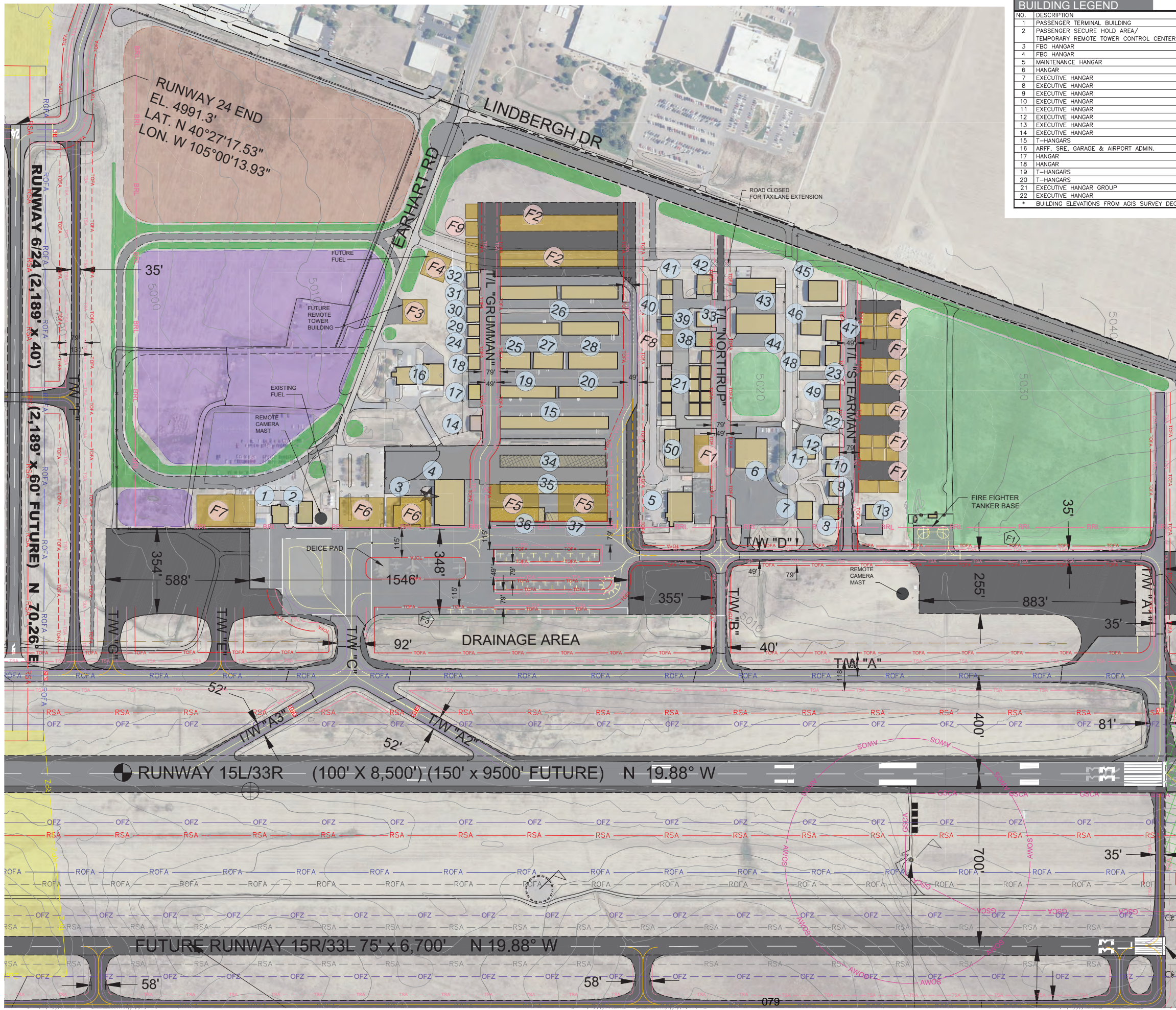
METAL PANEL 'B'



METAL PANEL 'C'

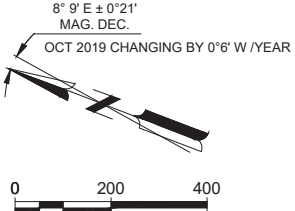


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6/25/2020 11:33:45 AM



| BUILDING LEGEND                                  |  |                |
|--|--|----------------|
| NO.  | DESCRIPTION  | TOP ELEVATION* |
| 1  | PASSENGER TERMINAL BUILDING  | 5020.1'        |
| 2  | PASSENGER SECURE HOLD AREA/<br>TEMPORARY REMOTE TOWER CONTROL CENTER | 5021.5'        |
| 3  | FBO HANGAR   | 5031.8'        |
| 4  | FBO HANGAR   | 5045.5'        |
| 5  | MAINTENANCE HANGAR   | 5040.6'        |
| 6  | HANGAR   | 5060.1'        |
| 7  | EXECUTIVE HANGAR   | 5048.8'        |
| 8  | EXECUTIVE HANGAR   | 5048.4'        |
| 9  | EXECUTIVE HANGAR   | 5050.3'        |
| 10   | EXECUTIVE HANGAR   | 5047.0'        |
| 11   | EXECUTIVE HANGAR   | 5049.2'        |
| 12   | EXECUTIVE HANGAR   | 5046.7'        |
| 13   | EXECUTIVE HANGAR   | 5047.0'        |
| 14   | EXECUTIVE HANGAR   | 5040.4'        |
| 15   | T-HANGARS  | 5034.0'        |
| 16   | ARFF, SRE, GARAGE & AIRPORT ADMIN.                                   | 5042.6'        |
| 17   | HANGAR   | 5035.7'        |
| 18   | HANGAR   | 5032.9'        |
| 19   | T-HANGARS  | 5034.0'        |
| 20   | T-HANGARS  | 5031.3'        |
| 21   | EXECUTIVE HANGAR GROUP   | 5036.6'        |
| 22   | EXECUTIVE HANGAR   | 5048.4'        |
| * BUILDING ELEVATIONS FROM AGIS SURVEY DEC 2018. |  |                |

| BUILDING LEGEND                                  |                                    |                |
|--|------------------------------------|----------------|
| NO.  | DESCRIPTION                        | TOP ELEVATION* |
| 23   | EXECUTIVE HANGAR                   | 5050.8'        |
| 24   | EXECUTIVE HANGAR                   | 5037.1'        |
| 25   | T-HANGARS                          | 5035.1'        |
| 26   | T-HANGAR GROUP                     | 5036.5'        |
| 27   | T-HANGARS                          | 5034.8'        |
| 28   | T-HANGARS                          | 5034.9'        |
| 29   | EXECUTIVE HANGAR                   | 5036.1'        |
| 30   | EXECUTIVE HANGAR                   | 5038.1'        |
| 31   | EXECUTIVE HANGAR                   | 5043.2'        |
| 32   | EXECUTIVE HANGAR                   | 5043.1'        |
| 33   | EXECUTIVE HANGAR                   | 5044.8'        |
| 34   | T-HANGARS                          | 5028.8'        |
| 35   | T-HANGARS                          | 5027.5'        |
| 36   | T-HANGARS                          | 5027.8'        |
| 37   | T-HANGARS                          | 5030.0'        |
| 38   | EXECUTIVE HANGAR                   | 5045.0'        |
| 39   | EXECUTIVE HANGAR                   | 5043.1'        |
| 40   | EXECUTIVE HANGAR                   | 5045.5'        |
| 41   | EXECUTIVE HANGAR                   | 5045.5'        |
| 42   | EXECUTIVE HANGAR                   | 5047.0'        |
| 43   | EXECUTIVE HANGAR                   | 5053.5'        |
| 44   | EXECUTIVE HANGAR                   | 5052.4'        |
| 45   | EXECUTIVE HANGAR                   | 5062.6'        |
| 46   | EXECUTIVE HANGAR                   | 5055.7'        |
| 47   | EXECUTIVE HANGAR                   | 5053.4'        |
| 48   | EXECUTIVE HANGAR                   | 5055.2'        |
| 49   | EXECUTIVE HANGAR                   | 5050.8'        |
| 50   | EXECUTIVE HANGAR                   | 5034.0'        |
| F1   | FUTURE EXECUTIVE HANGAR            | 5048' EST.     |
| F2   | FUTURE T-HANGARS                   | 5036' EST.     |
| F3   | FUTURE REMOTE TOWER BUILDING       | 5027' EST.     |
| F4   | FUTURE FUEL FACILITIES             | 5027' EST.     |
| F5   | FUTURE FBO HANGARS                 | 5032' EST.     |
| F6   | FUTURE FBO HANGARS                 | 5050' EST.     |
| F7   | FUTURE PASSENGER TERMINAL BUILDING | 5016' EST.     |
| F8   | FUTURE EXECUTIVE HANGAR            | 5036' EST.     |
| F9   | FUTURE EXECUTIVE HANGAR            | 5036' EST.     |
| * BUILDING ELEVATIONS FROM AGIS SURVEY DEC 2018. |                                    |                |



#### FUTURE DEVELOPMENT AREAS

- Innovation Focused Aeronautical/Non-Aeronautical
- Terminal Parking
- Aeronautical/Non-Aeronautical Development
- Aeronautical Development
- Entry Way Improvements

#### NOTES

- THIS DRAWING REFLECTS PLANNING STANDARDS SPECIFIC TO THIS AIRPORT, AND IS NOT A PRODUCT OF DETAILED ENGINEERING DESIGN ANALYSIS. IT IS NOT INTENDED TO BE USED FOR CONSTRUCTION DOCUMENTATION OR NAVIGATION.
- AERIAL PHOTOGRAPHY ACQUIRED (APR 2018) BY QUANTUM SPATIAL. AGIS DATA PROVIDED (DEC 2018) BY QUANTUM SPATIAL.
- MAGNETIC DECLINATION CALCULATED BY NATIONAL GEOPHYSICAL DATA CENTER.
- ALL LAT. LONG. COORDINATE INFORMATION (NAD83) & RUNWAY ELEVATION DATA (NAVD88) PER NGS

#### REVISIONS

| NO. | DESCRIPTION | DATE |
|-----|-------------|------|
|     |             |      |
|     |             |      |

#### LAYOUT PLAN LEGEND

|  | EXISTING | FUTURE |
|--|----------|--------|
| AIRPORT PROPERTY LINE                    | ---      | ---    |
| AVIATION EASEMENT                        | N/A      | N/A    |
| AIRPORT BUILDINGS                        | █        | █      |
| AIRPORT BUILDINGS TO BE REMOVED          | █        | █      |
| AIRFIELD PAVEMENT                        | █        | █      |
| PAVED ROADS                              | █        | █      |
| RUNWAY PROTECTION ZONE                   | █        | █      |
| GLIDE PATH QUALIFICATION SURFACE         | █        | █      |
| PART 77 APPROACH SURFACE                 | █        | █      |
| THRESHOLD SITING SURFACE                 | █        | █      |
| BUILDING RESTRICTION LINE                | █        | █      |
| RUNWAY OBSTACLE FREE ZONE                | █        | █      |
| INNER APPROACH OBSTACLE FREE ZONE        | █        | █      |
| PRECISION OBSTACLE FREE ZONE             | █        | █      |
| GLIDE SLOPE CRITICAL AREA                | █        | █      |
| LOCALIZER CRITICAL AREA                  | █        | █      |
| RUNWAY SAFETY AREA                       | █        | █      |
| RUNWAY OBJECT FREE AREA                  | █        | █      |
| TAXIWAY SAFETY AREA                      | █        | █      |
| TAXIWAY OBJECT FREE AREA                 | █        | █      |
| TAXIWAY SHOULDER                         | █        | █      |
| TAXIWAY EDGE SAFETY MARGIN               | █        | █      |
| AIRPORT SECURITY FENCE (8' HEIGHT)       | █        | █      |
| APRON/TAXIWAY/TAXILANE MARKING           | █        | █      |
| AIRPORT BEACON                           | █        | █      |
| LIGHTED WIND CONE & SEGMENTED CIRCLE     | █        | █      |
| WIND CONE                                | █        | █      |
| PRECISION APPROACH PATH INDICATOR (PAPI) | █        | █      |
| RUNWAY END IDENTIFIER LIGHTS (REIL)      | █        | █      |
| AIRPORT REFERENCE POINT (ARP)            | █        | █      |
| REMOTE CAMERA MASTS                      | █        | █      |

**Mead & Hunt**  
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Denver, CO 80202  
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meadhunt.com

NORTHERN COLORADO REGIONAL AIRPORT  
AIRPORT LAYOUT PLAN UPDATE

ISSUED

NOT FOR CONSTRUCTION

M&H NO: 31153001-160154.01  
DATE: JUNE 2020  
DESIGNED BY: M&H  
DRAWN BY: JWB  
CHECKED BY: CAL  
DO NOT SCALE DRAWINGS

SHEET CONTENTS  
TERMINAL AREA PLAN

SHEET NO.



# Fort Collins-Loveland jetCenter Development Proposal

Northern Colorado Regional Airport Commission





- Fort Collins-Loveland jetCenter submitted an unsolicited proposal to the Airport
  - Requesting to lease 175,752 square feet of Airport property
  - Construct six new hangars in three phases
  - Redevelopment of an area currently occupied by Airport owned T-hangars
  - Since their submittal, staff has worked to find solutions to their needs and negotiate terms consistent with regulatory requirements and airport policy

- Fort Collins-Loveland jetCenter is the Airport's current Fixed Base Operator (FBO) providing the majority of aircraft support services at FNL
  - Fueling & Line Services, Rental Car, Catering, Hangar, Flight Training, Aircraft Rental, Aircraft Maintenance
  - Operating at FNL since 1994, leasing and maintaining airport owned facilities
- Current FBO lease expires April 30, 2045
- The proposed lease would be separate from the FBO lease, but would also be an extension of their FBO agreement



# Project Site

NORTHERN COLORADO  
REGIONAL AIRPORT



# Existing T-Hangars



- The Airport leases 58 small hangars for aircraft storage purposes
  - Includes four buildings that range from 44-57 years of age
    - 4910 Grumman, built in early to mid 1970's
    - 4920 Grumman, built in 1964 and original building at the airport once moved and also sections removed making adjacent hangars unusable.
    - 4930 & 4960 Grumman, built in 1977
  - Airport Acquired remaining 19 units April 2020 after 40 year lease expiration
    - 21 units were acquired over time by the Cities in an effort to redevelop this area sooner
  - Hangars vary from poor to fair condition, most nearing the end of useful life



# Existing T-Hangars

4910 & 4920 Grumman  
Apron Facing Side (West)



4930 Grumman SW



4910 & 4920 Grumman  
East Side



4910 & 4920 Grumman NE





# Existing T-Hangars



4910 Grumman East



4960 Grumman East



4910 & 4920 Grumman SW



4930 Grumman Close Up

# Redevelopment Plan

- Phased approach for redevelopment
  - Will allow for relocation of current tenants over time
  - Phase 1 impacts 18 units in 2022
  - Phase 2 impacts 16 units by or before 2026
  - Phase 3 impacts 20 by or before 2030
- jetCenter has agreed to provide a minimum of 6 months notice to current hangar tenants
  - All leases are month to month
  - JetCenter will assume all leases and manage them – providing 80% of revenues for existing structures back to the Airport



# Proposed Hangars

NORTHERN COLORADO  
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## Phase I and II Hangars



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# Alignment with Airport Plans & Policies

NORTHERN COLORADO  
REGIONAL AIRPORT

- Proposal appears to be in alignment with all adopted plans & policies
  - Master Plan
  - Strategic Plan
    - Economic Development
  - Design Standards
    - Located in Development Area 2
    - Proximity to Ramp and lack of unpaved areas limit landscaping possibilities
  - Highest & Best Use
    - Defined in Master Plan



# Phasing Plan

NORTHERN COLORADO  
REGIONAL AIRPORT





# Rent Structure

| 25-year lease with three 5-year extensions |   |                                     |
|--|---|-------------------------------------|
| Phase I                                    | Square Feet   | 53,366                              |
|  | Rent Rate   | \$0.30 adjusted annually for CPI    |
|  |   |                                     |
| Phase II                                   | Square Feet   | 70,708                              |
|  | Preliminary Rent Rate   | \$0.05 adjusted annually for CPI    |
|  |   | 80% of 4930 T-hagars rental revenue |
|  | Rent Rate beginning year 5 or start of Phase II Construction  | Same as adjustd Phase I rate        |
|  |   |                                     |
| Phase III                                  | Square Feet   | 51,678                              |
|  | Preliminary Rent Rate   | \$0.05 adjusted annually for CPI    |
|  |   | 80% of 4960 T-hagars rental revenue |
|  | Rent Rate beginning year 9 or start of Phase III Construction | Same as adjustd Phase I rate        |



# Financial Impact

- Hangars currently generate \$185,000 in revenue annually
- Expenses are estimated at approximately 10% of revenue
  - Lease management administration
  - Move in/ out services
  - Maintenance costs
- On-Airport fuel sales according to jetCenter's records amounted to 10,500 gallons in 2019 for this area
  - Total aviation gasoline for the Airport sold in 2019 was 177,000 gallons to both based and transient aircraft
  - Flight training schools account for the majority of aviation gasoline fuel sales

## Financial Impact Estimates

|                               | T-hangar<br>Rental<br>Revenue | Land<br>Lease<br>Revenue  | Lease Total | Approx. Fuel<br>Sales Associated<br>with<br>Redevelopment<br>Area (Gallons) | Estimated<br>Fuel<br>Flowage<br>Revenue | Administration<br>and<br>Maintenance<br>Costs | Net Revenue |
|-------------------------------|-------------------------------|---|-------------|---|---|---|-------------|
| Current                       | \$184,728                     | \$0   | \$184,728   | 10,500  | \$3,660                                 | \$15,600                                      | \$172,788   |
| First Year of lease (Phase I) | \$89,702                      | \$22,129  | \$111,831   | 126,930   | \$37,912                                | \$0   | \$149,743   |
| Average per Year              | \$15,496                      | \$75,025  | \$90,521    | 325,125   | \$96,231                                | \$0   | \$186,752   |
| Total                         | \$619,840                     | \$3,000,985   | \$3,620,825 | 13,005,000  | \$1,603,856                             | 0   | \$5,224,682 |
|                               |                               |   |             |   |   |   |             |
|                               | Assumptions:                  | Phase II built at year 5 and Phase III built at year 9                              |             |   |   |   |             |
|                               |                               | Each phase increases fuel sales by 120,000 gallons per year (FCLJC estimate)        |             |   |   |   |             |
|                               |                               | Estimated Fuel Flowage Revenue based on current prices - not adjusted for inflation |             |   |   |   |             |
|                               |                               | Rent adjusted for inflation - escalated at 2% per year                              |             |   |   |   |             |

# Regulatory Requirements & Standards



- Airport is a public use facility requiring compliance with many
  - Code of Federal Regulations
    - FAA 14 CFR 139 Airport Safety
    - TSA 49 CFR 1542 Airport Security
  - Federal grant assurances: Conditions pertaining to federal funding acceptance
    - 22 – Economic Nondiscrimination
    - 23 – Exclusive Rights
    - 24 - Fee and Rental Structure
  - Minimum standards
    - Hangars will serve as extensions of the FBO as long as FBO lease remains in good standing

# Approval Steps

- PDSC has reviewed and recommended the draft lease terms for approval
  - Requested additional information be shared with the Airport Commission, which is included in this agenda item presentation and packet information
- Phased development and redevelopment plan requires approval from City Councils
  - Airport Commission can approve leases that are standard and approved as to form by both Cities
  - This lease is modified enough to require higher level approval
  - Propose placing on City Council agendas if approved in July

# Wrap-up

- Additional Comments from Fort-Collins Loveland jetCenter
- Questions



**HANGAR GROUND LEASE AGREEMENT  
4910, 4920, 4930, & 4960 GRUMMAN ST**

**CITIES OF LOVELAND AND FORT COLLINS,  
COLORADO,  
AND  
FORT COLLINS-LOVELAND JETCENTER, INC**

**DATED  
JUNE 17, 2021**

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EXHIBIT A, Description of Leased Premises

EXHIBIT B, Rental Payment Exhibit

## **LEASE AGREEMENT**

**THIS HANGAR GROUND LEASE AGREEMENT**, made and entered into this 17<sup>th</sup> day of June, 2021, is by and between the Cities of Fort Collins and Loveland, Colorado (the “**Cities**”) and Fort Collins-Loveland jetCenter, Inc., hereinafter called “**Lessee**.”

### **WITNESSETH:**

**WHEREAS**, the Cities own and operate an airport known as the Northern Colorado Regional Airport located in Larimer County, Colorado, including the real property upon which the same is located, (hereinafter, the “**Airport**”); and

**WHEREAS**, the Cities and Lessee are mutually desirous of entering into this Lease Agreement (“**Agreement**”) for the use and occupancy of certain areas at the Airport; and

**WHEREAS**, the Cities desire to accommodate, promote and enhance general aviation at the Airport and Lessee desires to be assured of the Airport's continued availability as a base for aircraft; and

**WHEREAS**, the Cities and Lessee have reached an understanding in principle, which envisions Lessee's construction of a hangar building or buildings, without cost to the Cities.

**NOW, THEREFORE**, in consideration of the premises and of the rents, covenants and conditions herein contained, the Cities do hereby lease to Lessee the area(s) of the Airport described in Article 2 hereof (the “**Leased Premises**”) on the terms and conditions hereinafter set forth.

### **ARTICLE 1: TERM; OPTIONS; RIGHT OF FIRST REFUSAL**

**1.1** The initial term of this Agreement shall commence at 12:01 a.m. on July 1, 2021, and expire at 11:59 p.m. on June, 31, 2046, a duration of twenty-five (25) years, hereinafter the “**Initial Term**,” unless sooner terminated in accordance with the provisions hereof.

**1.2** Subject to the conditions set forth herein, Lessee shall have the option to extend the term of this Agreement for three (3) additional periods of five (5) years each, hereinafter the “**Extended Term(s)**,” provided Lessee is not in default in the payment of any rent or in default in any other provisions of this Agreement at the time of its exercise of any such option. Lessee may exercise each option by giving written notice to the Cities not more than eighteen (18) months, nor less than six (6) months prior to the expiration of the Initial Term or the then-current Extended Term, of Lessee’s intent to exercise its option to extend. With the exception of rentals due, as set forth in Section 4.1, the terms and conditions applicable during the Initial Term of this Agreement shall remain applicable during any Extended Term. The rent escalation shall continue throughout the Initial Term and any Extended Term as provided in Article 4.

**1.3** The Cities desire to offer Lessee an opportunity to enter into a new lease for the Leased Premises on the terms set forth in this Section 1.3 upon the expiration of the last of the three (3) Extended Terms described in Section 1.2 above, should they be exercised by Lessee. If Lessee desires to continue occupying the Leased Premises after the expiration of all three (3) Extended Terms, Lessee may request that the Cities grant a new lease agreement. Such a request shall be made by Lessee in writing and delivered to the Cities not later than one hundred twenty (120) days prior to the expiration of the last Extended Term. If: (i) if Lessee is not then in default under any provision of this Agreement; and (ii) the Cities in their discretion wish to offer to lease the Leased Premises to hangar tenants or an association of hangar tenants; and (iii) such a new lease would be consistent with the Airport’s master plan then in effect and any and all federal rules, regulations, directives, guidelines or other obligations with respect to Airport, including but not limited to the “grant assurances” to the FAA ; then the Cities may, in their sole discretion, offer Lessee

a new lease of the Leased Premises, under such terms and conditions, including rental rates and duration of the lease term and on the then-current lease form being offered by the Cities.

## **ARTICLE 2: LEASED PREMISES**

**2.1** The Leased Premises consist of the parcel of land described in **Exhibit "A"**. Without limiting the foregoing, the Cities acknowledges that the Hangars (as defined below) to be constructed upon the leased premises shall, during the term of this Agreement, be and remain the property of Lessee or any successor in interest.

## **ARTICLE 3: USE OF LEASED PREMISES**

**3.1** Lessee shall use and occupy the Leased Premises for the following purposes and for no other purpose whatsoever unless approved in writing by Cities:

**3.1.1** For the construction, installation, maintenance and operation of a hangar building or buildings (the "Hangars") to be used for the parking, storage, servicing, repair, maintenance, modification, and construction of aircraft owned or operated by Lessee. Lessee's construction, installation, maintenance and operation of the Hangars shall comply with and be subject to the requirements of the Airport Minimum Standards, including the Airport Land Use and Design Standards incorporated therein. Lessee's use of the Leased Premises, including use for storage of aircraft owned by Unaffiliated Entities, shall be of a non-commercial nature, unless a commercial use is approved by the Cities by a separate written License. The foregoing shall not preclude the subleasing of space within individual Hangar buildings to Unaffiliated Entities, so long as a License is obtained if required by the Airport's Minimum Standards then in effect. Any such License shall require compliance with Minimum Standards for the Provision of Commercial Aeronautical Activities at the Airport (the "Minimum Standards"), as they then exist or are thereafter adopted or amended by the Cities. Any such commercial use must also be consistent with the City of Loveland, Colorado, building, use and zoning regulations and requirements applicable to the Leased Premises. Lessee warrants that all aircraft based at the Leased Premises shall comply with noise standards established under Part 36 of Title 14 of the Code of Federal Regulations, ("FAR 36") as amended from time to time. The Leased Premises shall not be used for residential purposes.

**3.1.2** The Cities make no representations, guarantees, or warranties that the Leased Premises may be lawfully used for the purposes set forth in this Section 3.1. Lessee shall have the sole responsibility of obtaining all applicable permits or other governmental approvals necessary to construct and use the Leased Premises as intended herein. This Agreement is expressly conditioned upon Lessee obtaining all such permits and approvals within the following time frames: within eighteen (18) months of the commencement date set forth in Section 1.1 herein for Phase I, within five (5) years of the commencement date set forth in Section 1.1 herein for Phase II, and within nine (9) years of the commencement date set forth in Section 1.1 herein for Phase III. The failure of Lessee to obtain any such permits or approvals within the foregoing time frames, or the failure of Lessee to maintain any such permits or approvals during the term of this Agreement shall result in termination of this Agreement pursuant to Article 18, generally, and to Section 18.9 specifically as to any phases for which such permits and approvals have not been obtained.

**3.1.3** During the term of this Agreement, Lessee must regularly house at least one airworthy aircraft or at least one aircraft that periodically may be in active stages of assembly or reassembly in each Hangar, use each Hangar for the primary purpose of aircraft storage, and each Hangar shall be used for Aeronautical Activities only, unless the prior written permission of the Cities is first obtained. The term "Aeronautical Activities shall mean any activity or service that involves, makes possible, facilitates, is related to, assists in, or is required for the operation of aircraft, or which contributes to or is required for the safety of aircraft operations.



## **ARTICLE 4: RENT**

**4.1** Lessee shall pay rent as set forth on Exhibit B attached hereto and incorporated herein.

**4.2** Commencing on May 1<sup>st</sup> next occurring after the date of this Agreement, and on May 1<sup>st</sup> in each year thereafter during the remainder of the Initial Term, the annual rent shall be adjusted by multiplying the annual rent payable in the next preceding year by a fraction, the numerator of which shall be the C.P.I., as hereinafter defined, published for the previous month of December and the denominator of which shall be the C.P.I. published for the month of December which preceded the month used as the numerator. In no event shall the annual rent be reduced from that payable in a previous year. If this Agreement is executed after January 1<sup>st</sup>, such C.P.I. increase for the calendar year in which this Agreement is executed shall be prorated. If Lessee elects to exercise its option for any Extended Term, and accordingly, the rental for the first year of such Extended Term has been set on the basis of current market rates, then rental for any subsequent year of such Extended Term shall be adjusted in accordance with the C.P.I formula set forth in this section above.

**4.2.1** The term "C.P.I." as used herein shall mean the Consumer Price Index for all Urban Consumers (CPI\_U), All Items, for Denver-Boulder-Greeley, CO as published by the Bureau of Labor Statistics of the United States Department of Labor, 1982-84 base = 100. In the event the base year is changed, the C.P.I. shall be converted to the equivalent of the base year 1982-84 = 100. In the event the Bureau of Labor Statistics ceases to publish the C.P.I., or this index, an equivalent or comparable economic index will be used.

**4.3** The annual rent payable hereunder may be paid in advance in annual installments, or shall be paid in equal monthly installments on the first day of each month in advance at the office of the Airport Manager or at such other office as may be directed in writing by the Cities. Payments due to the Cities under this Agreement shall be paid without offset. In addition to any other remedies provided in this Agreement, in the event that any rental, fee or charge set forth in this Agreement is not paid to the Cities within ten days of the date due, Lessee agrees to pay a late charge of \$50.00 for each such late payment, and default interest shall accrue on such payment from the date the payment was due, at a rate of twelve percent (12%) per annum. If any action is brought to collect any amounts due under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees and costs incurred.

**4.4** Lessee, as additional rent, shall complete construction of Hangars and related Improvements on the Leased Premises, in accordance with plans and specifications approved by the Cities. The Hangars shall, collectively, be at least a total of 66,400 square feet in size and shall have a concrete or asphalt floor, with each Hangar to have at least one aircraft access door sized to accommodate an average private aircraft. Lessee shall use commercially reasonable and diligent efforts to complete construction of the Hangars and other such Improvements within the following time frames: (i) for Phase I as described in Exhibit B-1 attached hereto and incorporated herein, the earlier of eighteen (18) months of the Cities' approval thereof or within two years from the date of this Agreement; (ii) for Phase II, five (5) years from the date of this Agreement; and (iii) for Phase III, nine (9) years from the date of this Agreement.

**4.4.1 Cities Right to Terminate.** If Lessee fails to construct the Hangars and other such Improvements in accordance with the provisions of this section, the Cities may, in their sole discretion, terminate this Agreement with respect to the Phase for which Lessee failed to complete construction within the required time frame.

**4.4.2 Lessee's Right to Terminate.** If Lessee fails to construct the Hangars and other such Improvements in accordance with the provisions of this section, and such failure to construct is caused by force majeure or improper action of the Cities, then this Agreement may be cancelled

by Lessee upon thirty (30) days' notice to the Cities, in which event and as of the date of such cancellation, Lessee shall be released from any further obligations under this Agreement.

**4.5** Lessee, as additional rent, shall construct and maintain a paved aircraft ramp area on the Leased Premises (the "Ramp."). The Ramp must be designed and built to specifications, and for a minimum weight bearing capacity, established by the Cities, built to the full width of the Leased Premises, and to connect with adjacent taxiway, ramp and/or auto parking areas, in order that a continuous and safe pavement section results. If access to the Leased Premises is not available on existing taxiways and/or roadways, then Lessee may also be required to construct the same pursuant to Section 7.1.1. It is the responsibility of Lessee to maintain the entire Ramp area, and all other pavement areas on the Leased Premises, in a manner, which is safe and clean of debris so as not to cause danger or unsafe conditions for taxiing aircraft and Airport users. Notwithstanding the foregoing, the Cities shall be responsible for snow removal on the aircraft Ramp area excluding any parking and side lots and excluding any area within three feet (3') of any Hangar; provided, however, that priority of snow removal shall be in accordance with the Cities' Snow Removal Plan as it now exists or as it may be amended in the Cities' sole discretion. Lessee grants to users of the Airport the right to use aircraft Ramp areas on the Leased Premises from time to time for passage of aircraft on and near the adjacent taxiway. The construction time and default provisions of subsection 4.4 shall be applicable to the Ramp described in this subsection.

**4.6** Subject to the provisions of Article 10, Lessee shall keep the Leased Premises, and the Hangar, Ramp and any and all structures constructed by Lessee on the Leased Premises (collectively, the "Improvements" hereinafter), free and clear of any liens and encumbrances, except as contemplated by Article 10, or unless expressly approved in writing by the Cities, and shall indemnify, hold harmless and defend the Cities from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Lessee. In the event any lien is filed, Lessee shall do all acts necessary to discharge any lien within ten (10) days of filing, or if Lessee desires to contest any lien, then Lessee shall deposit with the Cities such security as the Cities shall reasonably demand to insure the payment of the lien claim. In the event Lessee fails to pay any lien claim when due or fails to deposit the security with the Cities, then the Cities shall have the right to expend all sums necessary to discharge the lien claim, and Lessee shall pay the Cities, as additional rental when the next rental payment is due, all sums expended by the Cities in discharging any lien, including reasonable attorneys' fees and costs, and interest at twelve percent (12%) on the sums expended by the Cities from the date of expenditure to the date of payment by Lessee.

**4.7** Lessee agrees to comply with Minimum Standards adopted by the Cities for the Airport, as they now exist or as they may hereafter be adopted or amended. Fees due under such Minimum Standards or pursuant to any License issued for commercial activities conducted in whole or part on the Leased Premises, may be collected by the Cities as additional rent under this Agreement, in addition to any other remedies available to the Cities.

## **ARTICLE 5: ACCEPTANCE, CARE, MAINTENANCE, IMPROVEMENTS AND REPAIR**

**5.1** Lessee acknowledges that it has inspected the Leased Premises, conducted such studies and tests thereof (including environmental tests) as it deems necessary, and accepts possession of the Leased Premises "as is" in its present condition, and, subject to all limitations imposed upon the use thereof by the rules and regulations of the Federal Aviation Administration, the rules and regulations of the Airport, and by ordinances of the Cities, admits its suitability and sufficiency for the uses permitted hereunder. The Cities represent to Lessee that, to their knowledge, the Leased Premises are free of any adverse environmental conditions and no part of the Leased Premises lies in a flood hazard area or constitutes a fresh water wetland, nor is any part of the Leased Premises within one hundred feet (100') feet of a fresh water wetland. Except as may otherwise be provided for herein, the Cities shall not be required to maintain nor to make any improvements, repairs or restoration upon or to the Leased Premises or to any of the improvements presently located thereon or placed thereon by Lessee.

**5.2** Except as provided in Section 4.5, Lessee shall, throughout the term of this Agreement, assume the entire responsibility, cost and expense, for all repair and maintenance whatsoever on the Leased Premises and all Improvements thereon in a good workmanlike manner, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Additionally, Lessee, without limiting the generality hereof, shall:

**5.2.1** Keep at all times, in a clean and orderly condition and appearance, the Leased Premises, all Improvements thereon and all of Lessee's fixtures, equipment and personal property which are located on any part of the Leased Premises. Lessee shall not park or leave, or allow to be parked, aircraft on the taxiways, ramps or pavement adjacent to any Hangar in a manner which unduly interferes with or obstructs access to other hangars or movement on adjacent taxiways.

**5.2.2** Provide and maintain on the Leased Premises all obstruction lights and similar devices, and safety equipment required by law.

**5.2.3** Take measures to prevent erosion, including but not limited to, the planting and replanting of grasses with respect to all portions of the Leased Premises not paved or built upon, if any, and in particular shall plant, maintain and replant any landscaped areas.

**5.2.4** Be responsible for the maintenance and repair of all utility services lines placed on the Leased Premises and used by Lessee exclusively, including, but not limited to, water lines, gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers.

**5.2.5** In the event Lessee discovers any hazardous material on the Leased Premises, it will promptly notify the Cities in writing.

**5.2.6** If extraordinary repairs or maintenance to the Improvements are required during the last five years of the Initial Term or any Extended Term of this Agreement, Lessee may elect not to repair and/or maintain the Improvements, by giving the Cities written notice of its election. In such case, Cities shall have the option of requiring Lessee to either (a) clear the site, remove all debris and paving, stub up all utilities, and restore the site to its original cleared condition prior to commencement of construction; or (b) transfer title to the Improvements to the Cities, as is. Upon Lessee's election and compliance with this section, the Cities shall terminate this Agreement and relieve Lessee of all future rental obligations hereunder.

**5.3** Plans and specifications for each of the Improvements and all repairs (other than emergency repairs), construction, alterations, modifications, additions or replacements to the Improvements, including those made to any paving upon the Leased Premises, excluding non-structural repairs, construction, alterations, modifications, additions or replacements costing less than ten thousand dollars (\$10,000.00) shall be submitted to the Cities for approval, which approval shall not be unreasonably denied, providing the plans and specifications comply with the provisions of this Agreement, the Airport Land Use and Design Standards, as well as all applicable building, use and zoning regulations. Submittal of the above described Plans and Specifications shall also include a site plan, drainage plan, and building plan for the initial project development. The site plan shall show the location of all Improvements on the Leased Premises, including the Hangars, pavements, utilities and location of the Hangars on the site. The drainage plan must show how drainage will be handled and be approved by the Airport Manager prior to a building permit being issued by the City of Loveland. Lessee shall reimburse the Cities for all costs incurred for providing a legal survey and legal description of the Leased Premises and for a proportional share of any costs to bring road access and utilities to the Leased Premises, should the Cities agree to do so. Prior to the commencement of any construction of the Improvements Lessee shall have the Leased Premises staked by a certified surveying company to ensure all Improvements are placed accurately on the Leased Premises. Within ninety (90) days of the certificate of occupancy being received, Lessee shall submit to

the Airport Manager a full set of as-built record drawings of the Improvements, which among other things, depicts exact locations of all Improvements, including utilities, made on and/or off of the Leased Premises.

## **ARTICLE 6: ADDITIONAL OBLIGATIONS OF LESSEE**

**6.1** Lessee shall conduct its operations hereunder in an orderly and proper manner, considering the nature of such operations, so as not to unreasonably annoy, disturb, endanger or be offensive to others.

**6.2** Further, Lessee shall take all reasonable measures:

**6.2.1** To reduce to a practicable minimum vibrations tending to damage any equipment, structure, buildings or portions of buildings.

**6.2.2** Not to produce or allow to be produced on the Airport through the operation of machinery or equipment any electrical, electronic or other disturbances that interfere with the operation by the Cities or the Federal Aviation Administration of air navigational, communication or flight equipment on the Airport or on aircraft using the Airport, or with ground transportation communications.

**6.3** Lessee shall comply with all federal, state and municipal laws, ordinances, rules, regulations and requirements, the Airport's Minimum Standards, Airport security rules and regulations, and other Airport rules and regulations, as they now exist or may hereafter be amended or promulgated, and the terms of this Agreement, applicable to the Leased Premises and the Improvements thereon and its operations and activities at the Airport hereunder.

**6.4** Lessee shall commit no nuisance, waste or injury on the Leased Premises, and shall not do, or permit to be done, anything that may result in the creation, commission or maintenance of such nuisance, waste or injury on the Leased Premises.

**6.5** Lessee shall not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Leased Premises.

**6.6** Lessee shall take measures to insure security in compliance with Federal Aviation Administration Regulations and the Airport Security Plan, as they now exist or may hereafter be amended or promulgated.

**6.7** Lessee shall not do, nor permit to be done, any act or thing which will invalidate or conflict with any fire insurance policies or regulations applicable to the Leased Premises or any part thereof; or other contiguous premises at the Airport.

**6.8** Lessee shall not install, maintain, operate or permit the installation, maintenance or operation of any restaurant, kitchen, stand or other establishment of any type for the sale of food or of any vending machines or device designed to dispense or sell merchandise or services of any kind to the general public, unless all required development approvals and permits for that activity are first obtained from the Cities.

**6.9** Except for uses permitted under Article 3 to be performed by Lessee, Lessee shall not provide or allow to be provided aircraft maintenance work, flight instruction of any sort, air taxi, aircraft charter or aircraft leasing of any sort on the Leased Premises, for commercial purposes, without all required development approvals, and a License from the Cities if and as required by the Airport's Minimum Standards then in effect.



**6.10** Lessee will conduct its operations in such a manner as to keep the noise produced by aircraft engines and component parts thereof, and any other noise, to a minimum, by such methods as are practicable, considering the extent and type of the operations of Lessee and the limitations of federal law. In addition, Lessee will employ the maximum amount of noise arresting and noise reducing devices that are available and economically practicable, considering the extent of their operations, but in no event less than those devices required by federal, state or local law. In its use of the Leased Premises, Lessee shall take all possible care, exercise caution and use commercially reasonable efforts to minimize prop or jet blast interference and prevent jet blast damage to aircraft operating on taxiways and to buildings, structures and roadways, now located on or which in the future may be located on areas adjacent to the Leased Premises. In the event the Cities determine that Lessee has not curbed the prop or jet blast interference and/or damage, Lessee hereby covenants and agrees to erect and maintain at its own expense such structure or structures as may be necessary to prevent prop or jet blast interference, subject, however, to the prior written approval of the Cities as to type, manner and method of construction.

**6.11** Following the completion of construction of the Hangars, Lessee shall not store nor permit the storage of disabled aircraft or any equipment or materials outside of the Hangars constructed on the Leased Premises, without the written approval of the Cities.

**6.12** On forms and at the frequency prescribed by the Airport Manager, and with respect to each aircraft stored on the Leased Premises, Lessee shall provide the Cities with the (a) make and model (b) N-number and (3) identity and address of the registered owner. This requirement shall apply to aircraft whether owned by Lessee or another party, and regardless of whether its storage is subject to the Minimum Standards.

## **ARTICLE 7: INGRESS AND EGRESS**

**7.1** Lessee shall have the right of ingress and egress between the Leased Premises and the public landing areas at the Airport by means of connecting taxiways; and between the Leased Premises and the entrance(s) to the Airport by means of connecting paved roads. Lessee shall have the right to use the public runways and public aviation aids at all times during which they are open to the public. Such rights of ingress, egress and use shall be in common with others having rights of use and passage thereon.

**7.1.1** If, at the time of entering into this Agreement, access to the Leased Premises is not available on existing taxiways and/or roadways, then such taxiways and/or roadways necessary for Lessee's use and occupancy shall be constructed at the sole expense of Lessee, in accordance with construction specifications and design criteria approved by the Cities for the uses contemplated by Lessee. The Cities shall have no obligation whatsoever for the cost of these improvements. Upon completion of construction, Lessee shall certify that the taxiways and/or roadways so constructed have been built to such specifications and criteria, and those portions of any such taxiways and/or roads located off the Leased Premises shall be conveyed and dedicated to the Cities, which shall accept them for maintenance. Upon such conveyance and dedication, Lessee shall warrant that the same shall be free of defects in materials and workmanship for a period of not less than two (2) years after the date of such conveyance and dedication. Such warranty shall be backed by a warranty bond or another form of security instrument, satisfactory to the Cities in their sole discretion, in the amount of not less than fifteen-percent (15%) of the construction cost of the improvements warranted.

**7.2** The use of any such roadways or taxiways shall be subject to the Rules and Regulations of the Airport, which are now in effect or which may hereafter be promulgated, and subject to temporary closure, provided, however, that any closure shall be only for reasonably necessary or unique circumstances, and provided that fourteen (14) days prior written notice will be given to Lessee relevant to any closure, unless such closure is necessary due to emergency. Lessee, for itself and its authorized

subtenants, hereby releases and discharges the Cities, the Commission, their officers, employees and agents, and all their respective successors and assigns, of and from any and all claims, demands, or causes of action which Lessee or its authorized subtenants may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any street, roadway or other area, provided that other reasonable means of access to the Leased Premises remain available to Lessee without cost to Lessee, unless otherwise mandated by emergency safety considerations or lawful exercise of the police power. Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the Leased Premises or in any streets or roadways on the Airport.

## **ARTICLE 8: INSURANCE, DAMAGE OR DESTRUCTION**

**8.1** Lessee, at its sole cost and expense, shall procure and maintain throughout the term of this Agreement insurance protection for all risk coverage on the Improvements which are part of the Leased Premises, to the extent of one hundred percent (100%) of the actual replacement cost thereof. Such insurance shall be written by insurers acceptable to Cities. The insurance shall provide for ten (10) days' notice of cancellation or material change, by certified mail, return receipt requested, to the Cities, Attention: Airport Manager.

**8.1.1** The above stated property insurance shall be for the benefit and to safeguard the interests of the Cities and Lessee.

**8.1.2** Lessee shall settle all losses with the insurance carrier. Lessee shall consult with the Cities and use its best efforts to obtain a settlement that covers the cost of repairing or rebuilding the Improvements.

**8.1.3** Lessee shall provide certificates of insurance, in a form acceptable to the Cities and marked "premium paid" evidencing existence of all insurance required to be maintained prior to occupancy of the Improvements. Upon the failure of Lessee to maintain such insurance as above provided, the Cities, at their option, may take out such insurance and charge the cost thereof to Lessee, which shall be payable on demand, or may give notice of default pursuant to Article 18.

**8.2** In the event the Improvements and any subsequent improvements, insurable or uninsurable, on the Leased Premises are damaged or destroyed to the extent that they are unusable by Lessee for the purposes for which they were used prior to such damage, or same are destroyed, Lessee shall promptly repair and reconstruct the Improvements substantially as they were immediately prior to such casualty or in a new or modified design, subject to the provisions of Article 5 hereof and applicable building codes and the Airport Land Use and Design Standards, existing at the time of repairing or rebuilding. If the aforesaid damage or destruction occurs in the last five years of the Initial term or any option term of this Agreement, Lessee may elect not to repair and reconstruct the Improvements, subject to the following terms and conditions:

**8.2.1** Lessee shall give the Cities written notice of its election not to repair and reconstruct the Improvements within ninety (90) days of the date upon which the Improvements were damaged or destroyed. In such case, the Cities shall have the option of either:

**8.2.1.1** Requiring Lessee to clear the site, remove all debris and paving, stub up all utilities, and restore the site to its original cleared condition prior to commencement of construction; in which case Lessee shall retain all insurance proceeds above those necessary to fund such site restoration; or

**8.2.1.2** Taking title to the damaged Improvements, as is, in which case Lessee shall assign to and the Cities shall retain all insurance coverage and proceeds.

**8.2.3** Upon Lessee's notice under Section 8.2.1 hereof and Lessee's compliance with the provisions of Sections 8.2.1.1 or 8.2.1.2 hereof, the Cities shall terminate this Agreement and relieve Lessee of all future rental obligations hereunder.

**8.3** All policies of insurance required herein shall name the Cities as additional insureds.

**8.4** Whenever in this Agreement, provision is made for the carrying of any insurance, it shall be deemed that such provision is complied with if such insurance otherwise complying with such provision is carried under a blanket policy or policies covering the Leased Premises as well as other properties.

**8.5** Lessee shall not violate, nor permit to be violated, any of the conditions of any of the said policies; and shall perform and satisfy, or cause to be satisfied, the requirements of the companies writing such policies.

## **ARTICLE 9: LIABILITIES AND INDEMNITIES**

**9.1** The Cities and the Commission shall not in any way be liable for any cost, liability, damage or injury including cost of suit and expenses of legal services, claimed or recovered by any person whomsoever, or occurring on the Leased Premises, or the Airport, or as a result of any operations, works, acts or omissions performed on the Leased Premises, or the Airport, by Lessee, its agents, servants, employees or authorized tenants, or their guests or invitees. Lessee, and each of its Unit Owners, shall not in any way be liable for any cost, liability, damage or injury including cost of suit and expenses of legal services, claimed or recovered by any person whomsoever, or occurring on the Lease Premises, or the Airport, or as a result of any operations, works, acts, or commission performed on the Lease Premises, or the Airport, solely by the Cities and the Commission, their agents, servants, employees or authorized tenants, or their guests or invitees.

**9.2** Lessee and its Unit Owners agree to indemnify, save and hold harmless, the Cities and the Commission, their officers, agents, servants and employees, of and from any and all costs, liability, damage and expense, including costs of suit and reasonable expenses of legal services, claimed or recovered, justly or unjustly, falsely, fraudulently or frivolously, by any person, firm or corporation by reason of injury to, or death of, any person or persons, including Cities' personnel, and damage to, destruction or loss of use of any property, including Cities' property, directly or indirectly arising from, or resulting from, any operations, works, acts or omissions of Lessee, its agents, servants, employees, contractors, or authorized tenants. Upon the filing with the Cities by anyone of a claim for damages arising out of incidents for which Lessee herein agrees to indemnify and hold the Cities harmless, the Cities shall notify Lessee of such claim and in the event that Lessee does not settle or compromise such claim, then Lessee shall undertake the legal defense of such claim on behalf of Lessee and the Cities. It is specifically agreed, however, that the Cities at their own cost and expense, may participate in the legal defense of any such claim. Any final judgment rendered against the Cities for any cause for which Lessee is liable shall be conclusive against Lessee as to liability and amount upon the expiration of the time for appeal.

**9.3** Lessee shall procure and keep in force during the term of the Lease policies of Comprehensive General Liability insurance insuring Lessee and the Cities against any liability for personal injury, bodily injury, death, or property damage arising out of the subject of this Agreement with a combined single limit of at least one million dollars or with a limit of not less than the maximum amount that may be recovered against the Cities under the Colorado Governmental Immunity Act, whichever is greater. No such policies shall be cancelable or subject to reduction in coverage limits or other modification except after ten (10) days prior written notice to the Cities. The policies shall be for the mutual and joint benefit and protection of Lessee and the Cities and such policies shall contain a provision that the Cities, although named as an insured, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its servants, agents, citizens, and employees by reason of negligence of Lessee. Lessee shall provide

certificates of insurance, in a form acceptable to the Cities and marked "premium paid" evidencing existence of all insurance required to be maintained prior to the commencement of the Agreement.

**9.4** Lessee represents that it is the owner of or fully authorized to use any and all services, processes, machines, articles, marks, names or slogans used by it in its operations under or in any way connected with this Agreement. Lessee agrees to save and hold the Cities, their officers, employees, agents and representatives free and harmless of and from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright, or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of Lessee under or in any way connected with this Agreement.

## **ARTICLE 10: LEASEHOLD MORTGAGES**

**10.1** If Lessee shall execute a Leasehold Mortgage of its leasehold estate to an entity which is not directly or indirectly owned or controlled by, or is not under common ownership or control with Lessee (collectively, an "Unaffiliated Entity" hereafter), and if the holder of such Leasehold Mortgage shall provide the Cities through the Commission or Airport Manager with notice in the manner described in Article 23 with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage and the name and address of the Mortgagee, then following receipt of such notice by the Cities, the provisions of this Article 10 shall apply in respect to such Leasehold Mortgage.

**10.2** The term "Leasehold Mortgage" as used in this Agreement shall include, but not be limited to, a mortgage, a deed of trust, a deed to secure debt, or other security instrument by which Lessee's leasehold estate is mortgaged, conveyed, assigned, or otherwise transferred, to secure a debt or other obligation, in connection with the construction contemplated by Sections 4.4 through 4.5, above.

**10.3** The Cities, upon providing Lessee any notice of default under this Agreement or termination of this Agreement, shall at the same time provide a copy of such notice to the Leasehold Mortgagee by first class U.S. mail at the address specified in the notice given pursuant to Section 10.1, above. Such Leasehold Mortgagee shall have the additional periods of time specified in Sections 10.4 hereof to remedy, commence remedying, or cause to be remedied the default or acts or omissions which are specified in any such notice. The Cities shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Lessee.

**10.4** Anything contained in this Agreement to the contrary notwithstanding, if any default shall occur which entitles the Cities to terminate this Agreement, the Cities shall have no right to terminate this Agreement unless, following the expiration of the period of time given Lessee to cure such default or the act or omission which gave rise to such default, the Leasehold Mortgagee is given an additional period of thirty (30) days to:

**10.4.1** Notify the Cities of such Leasehold Mortgagee's desire to defeat such Termination Notice; and

**10.4.2** Pay or cause to be paid all rent, additional rent, and other payments then due and in arrears as specified in the Termination Notice to such Leasehold Mortgagee and which may become due during such thirty (30) day period; and

**10.4.3** Comply with due diligence and continuity, or in good faith commence to and with diligence continue to pursue compliance with all non-monetary requirements of this Agreement then in default.

**10.5** The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Agreement or of the leasehold estate hereby created, nor shall the Leasehold Mortgagee, as



such, be deemed to be an assignee or transferee of this Agreement or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions of this Agreement. Any Leasehold Mortgagee who takes an instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgagee shall be deemed to be a permitted assignee or transferee, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Lessee to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the owner of the leasehold estate. If the Leasehold Mortgagee or its designee shall become holder of the leasehold estate and if the Hangar and Improvements on the Leased Premises shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or its designee shall be obligated to repair, replace or reconstruct the building or other improvements.

#### **ARTICLE 11: RULES AND REGULATIONS**

Lessee acknowledges that the Cities have proposed or adopted rules and regulations with respect to the occupancy and use of the Airport, and such rules and regulations may be amended, supplemented or re-enacted from time to time by the Cities provided that such rules and regulations apply generally to all similar occupants and users on the Airport. Lessee agrees to observe and obey any and all such rules and regulations and all other federal, state and municipal rules, regulations and laws and to require its officers, agents, employees, subtenants, contractors, and suppliers, to observe and obey the same. In the event of a conflict between the provisions of Airport Rules and Regulations and this Agreement, the more stringent provisions shall control. This provision will include compliance with the Airport's Noise Abatement Plan as it now exists and as it may hereafter be amended or supplemented. The Cities reserve the right to deny access to the Airport and its facilities to any person, firm or corporation that fails or refuses to obey and comply with such rules, regulations or laws. Nothing in this Article 11 shall be construed to limit the rights of Lessee to file any action challenging the lawfulness of any such amendment, supplement or reenactment of any such rule or regulations, or to challenge the application of the same to Lessee.

#### **ARTICLE 12: SIGNS**

Lessee shall have the right to install and maintain one or more signs on the Leased Premises identifying it and its operations, provided, however, the subject matter, type, design, number, location and elevation of such signs, and whether lighted or unlighted, shall be subject to and in accordance with the City of Loveland Sign Code, and the Airport Land Use and Design Standards. No sign will be allowed that may be confusing to aircraft pilots or automobile drivers or other traffic.

#### **ARTICLE 13: ASSIGNMENT AND SUBLEASE**

The prior written consent of the Cities shall be required for any sale, transfer, assignment or sublease of this Agreement and of the leasehold estate hereby created. Consent may be withheld by the Cities in the event (a) Lessee is in default of any of the terms or conditions of this Agreement, (b) the transferee or assignee does not deliver to the Cities its written agreement to be bound by all of the provisions of this Agreement in a form satisfactory to the Cities, or (c) the transferee or assignee does not submit proof of insurance as required at Sections 8 and 9, herein. Consent shall not otherwise be unreasonably withheld. Upon the granting of written consent by the Cities and actual transfer or assignment, Lessee shall be released by the Cities from its obligations under this Agreement. Other than in the manner set forth in Article 31 below, Lessee shall not subdivide or fractionalize either its ownership of the Improvements or leasehold interest in the Leased Premises.

#### **ARTICLE 14: CONDEMNATION**

**14.1** In the event that all or any portion of the Leased Premises is taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of appropriation, condemnation

or eminent domain (or pursuant to a sale to such power or authority under the threat of condemnation or eminent domain), all rents payable with respect to that portion of the Leased Premises taken shall no longer be payable, and the proceeds, if any, from such taking or sale shall be allocated between the Cities and Lessee in accordance with the applicable condemnation law, with Lessee being entitled to compensation for the fair market value of the leasehold interest, Improvements and personal property taken. If a portion of the Leased Premises is so taken or sold, and as a result thereof, the remaining part cannot reasonably be used to continue the authorized uses set forth in Article 3, then this Agreement shall terminate at Lessee's election, and Lessee's obligation to pay rent and perform the other conditions of the lease shall be deemed to have ceased as of the date of such taking or sale.

**14.2** The Cities expressly reserve the right to grant or take easements on rights-of-way across the Leased Premises if it is determined to be in the best interest of the Cities to do so. If the Cities grant or take an easement or right-of-way across any of the Leased Premises, Lessee shall be entitled only to compensation for damages to all Improvements owned by Lessee destroyed or physically damaged thereby, but not to damages for loss of use of the Leased Premises itself. Damages to improvements shall be determined by the reduction in fair market value of the Improvements caused by said damage or cost of repair, whichever is less.

**14.3** Lessee understands and agrees that the Cities have the right to take all or any portion of the Leased Premises, and any additions, alterations or improvements thereon, should the Cities, in their sole discretion, determine that said portion of the Leased Premises, and improvements thereon, are required for other Airport purposes, without initiating condemnation proceedings. If such action is taken, the Cities shall substitute comparable areas within the Airport, or any additions or extensions thereof, brought to the same level of improvement as the area taken. The Cities shall bear all expenses of bringing the substituted area to the same level of improvement to the area taken, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, the Cities shall replace, at their own expense, such non-relocatable improvements and other property with comparable property in the substituted area, and the Cities shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, any mortgagee, or any other third party whomsoever. It is the specific intent of this subparagraph that Lessee would be placed, to the extent possible, in the same position it would have been, had the Cities not substituted new premises for the Leased Premises; provided however, that the Cities shall not be obligated to reimburse Lessee for lost revenues or other costs due to such substitution. In the event that such substitution of area is demanded by the Cities, Lessee shall have the right and option to terminate this Agreement, prior to the Cities commencing the substitution, upon thirty (30) days prior written notice to Cities, in which event the Cities shall pay Lessee the fair market value of all Improvements constructed on the Leased Premises pursuant to approval of the Cities. Nothing in this subparagraph shall be construed to limit the Cities' rights to condemn Lessee's leasehold rights and interests in the Leased Premises pursuant to state law.

## **ARTICLE 15: NON-DISCRIMINATION**

**15.1** Lessee, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises, for a purpose for which a United States government program or activity is extended, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination 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.

**15.2** Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

**15.2.1** No person on the grounds of race, color, disability or national origin shall be excluded from participating in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises;

**15.2.2** That in the construction of any Improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, disability or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination;

**15.2.3** That Lessee shall use the Leased 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, Nondiscrimination 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.

**15.3** In this connection, the Cities reserve the right to take whatever action they might be entitled by law to take in order to enforce this provision following the sixty (60) days prior written notice to Lessee of any alleged violation. This provision is to be considered as a covenant on the part of Lessee, a breach of which, continuing after notice by the Cities to cease and desist and after a determination that a violation exists made in accordance with the procedures and appeals provided by law, will constitute a material breach of this Agreement and will entitle the Cities, at their option, to exercise its right of termination as provided for herein, or take any action that it deems necessary to enforce.

**15.4** Lessee shall include the foregoing provisions in every agreement or concession pursuant to which any person or persons, other than Lessee, operates any facility at the Leased Premises providing service to the public and shall include a provision granting the Cities a right to take such action as the United States may direct to enforce such covenant.

**15.5** To the extent legally required and applicable, Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, disability or sex, be excluded from participation in any employment activities covered in 14 CFR Part 152 Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered sub organizations provide assurances to Lessee that they similarly will undertake affirmative action program and that they will require assurances from their sub organizations, to the extent required by 14 CFR Part 152, Subpart E, to the same effect.

## **ARTICLE 16: GOVERNMENTAL REQUIREMENTS**

**16.1** Lessee shall procure all licenses, certificates, permits or other authorization from all governmental authorities, if any, having jurisdiction over Lessee's operations at the Leased Premises which may be necessary for Lessee's operations on the Airport.

**16.2** Lessee shall pay all taxes, license, certification, permits and examination fees and excise taxes which may be assessed, levied, exacted or imposed on the Leased Premises or operation hereunder or on the gross receipts or gross income to Lessee there from, and shall make all applications, reports and returns required in connection therewith.

**16.3** Lessee shall pay all water, sewer, utility and other applicable use taxes and fees, arising from its occupancy and use of the Leased Premises and/or the Improvements.

## **ARTICLE 17: RIGHTS OF ENTRY RESERVED**

**17.1** The Cities, by their officers, employees, agents, representatives and contractors, shall have the right at all reasonable times to enter upon the Leased Premises and enter the Improvements for any and all purposes not inconsistent with this Agreement, including, without limitation, inspection and environmental testing, provided such action by the Cities, their officers, employees, agents, representatives and contractors does not unreasonably interfere with Lessee's use, occupancy or security requirements of the Leased Premises. Except when necessary for reasons of public safety or law enforcement, or for the protection of property, as determined by Cities, Cities shall provide seventy-two (72) hours written notice of its intent to inspect.

**17.2** Without limiting the generality of the foregoing, the Cities, by their officers, employees, agents, representatives, contractors and furnishers of utilities and other services, shall have the right, at their own cost and expense, whether for their own benefit, or for the benefit of others than Lessee at the Airport, to maintain existing and future Airport mechanical, electrical and other utility systems and to enter upon the easements in the Leased Premises to make such repairs, replacements or alterations thereto, as may, in the opinion of the Cities, be deemed necessary or advisable, and from time to time to construct or install over, in or under existing easements within the Leased Premises such systems or parts thereof and in connection with such maintenance use the Leased Premises existing easements for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, repair, alteration or new construction, the Cities shall not install a utility under or through any building on the Leased Premises or unreasonably interfere with the actual use and occupancy of the Leased Premises by Lessee, all such utilities to be placed within existing easements, except as provided in Article 14. It is specifically understood and agreed that the reservation of the aforesaid right by the Cities shall not impose or be construed to impose upon the Cities any obligation to repair, replace or alter any utility service lines now or hereafter located on the Leased Premises for the purpose of providing utility services only to the Leased Premises; provided, however, that if they repair, replace or alter any utility service lines now or hereafter located on the Leased Premises for the purpose of providing utility services to others, the Cities will restore the Leased Premises to their preexisting condition in a timely manner. Lessee will provide for the installation, maintenance and repair, at its own expense, of all service lines of utilities providing services only to the Leased Premises. Cities will repair, replace and maintain all other utility lines, at Cities' expense.

**17.3** In the event that any personal property of Lessee shall obstruct the access of the Cities, their officers, employees, agents or contractors, or the utility company furnishing utility service over, along and across the existing easements to any of the existing utility, mechanical, electrical and other systems, and thus shall interfere with the inspection, maintenance or repair of any such system pursuant to Section 17.2, Lessee shall move such property, as directed by the Cities or said utility company, upon reasonable notice by the Cities, in order that access may be had to the system or part thereof for inspection, maintenance or repair. If Lessee shall fail to so move such property after direction from the Cities or said utility company to do so, the Cities or the utility company may move it, and Lessee hereby waives any claim against the Cities for damages as a result there from, except for claims for damages arising from the Cities' negligence.

## **ARTICLE 18: TERMINATION**

**18.1** In the event of a default on the part of Lessee in the payment of rents, the Cities shall give written notice to Lessee and each holder of a Leasehold Mortgage, if any, of which it has been give notice under Section 10.1, of such default, and demand the cancellation of this Agreement, or the correction thereof. If, within sixty (60) days after the date the Cities give such notice, Lessee has not corrected said default and paid the delinquent amount in full, then subject to Article 10, above the Cities may, by written notice to Lessee and holder of a Leasehold Mortgage, terminate this Agreement.

**18.2** Subject to the provisions of Section 18.1 above, this Agreement, together with all rights and privileges granted in and to the Leased Premises, shall terminate at the option of the Cities with prompt



written notice to Lessee and holder of a Leasehold Mortgage upon the happening of any one or more of the following events:

**18.2.1** The filing by Lessee of a voluntary petition in bankruptcy, or any assignment for benefit of creditors of all or any part of Lessee's assets; or

**18.2.2** Any institution of proceedings in bankruptcy against Lessee; provided, however, that Lessee may defeat such termination if the petition is dismissed within one hundred twenty (120) days after the institution thereof; or

**18.2.3** The filing of a petition requesting a court to take jurisdiction of Lessee or its assets under the provision of any Federal reorganization act which, if it is an involuntary petition is not dismissed within one hundred twenty (120) days after its being filed; or

**18.2.4** The filing of a request for the appointment of a receiver or trustee of all, or substantially all, of Lessee's assets by a court of competent jurisdiction, which if the request is not made by Lessee is not rejected within one hundred twenty (120) days after being made, or the request for the appointment of a receiver or trustee of all, or substantially all, of Lessee's assets by a voluntary agreement with Lessee's creditors.

**18.3** Upon the default by Lessee in the performance of any covenant or condition required to be performed by Lessee other than the payment of rent, and the failure of Lessee, and each holder of a Leasehold Mortgage to remedy such default for a period of sixty (60) days after mailing by the Cities of written notice to remedy the same, unless more extensive notice is otherwise provided for in this Agreement, the Cities may, by written notice of cancellation to Lessee, and each such holder of a Leasehold Mortgage, terminate this Agreement and all rights and privileges granted hereby in and to the Leased Premises.

**18.4** Upon the default by Lessee, and the giving of notice of the default and cancellation by the Cities as provided for elsewhere herein, the notice of cancellation shall become final.

**18.5** Subject to the provisions of Section 18.1, upon the cancellation or termination of this Agreement for any reason, all rights of Lessee, authorized tenants and any other person in possession shall terminate, including all rights or alleged rights of creditors, trustees, assigns, and all others similarly so situated as to the Leased Premises. Except as may be expressly provided to the contrary elsewhere herein, upon said cancellation or termination of this Agreement for any reason, the Leased Premises and all Improvements located thereon, except for Lessee's equipment, fixtures and other personal property which may be removed from said Leased Premises without damage thereto as provided elsewhere herein, shall be and become the property of the Cities, free and clear of all encumbrances and all claims of Lessee, its subtenants, creditors, trustees, assigns and all others, and the Cities shall have immediate right of possession of the Leased Premises and such Improvements.

**18.6** Failure by the Cities or Lessee to take any authorized action upon default by Lessee of any of the terms, covenants or conditions required to be performed, kept and observed by Lessee shall not be construed to be, nor act as, a waiver of said default nor of any subsequent default of any of the terms, covenants and conditions contained herein to be performed, kept and observed by Lessee. Acceptance of rentals by the Cities from Lessee, or performance by the Cities under the terms hereof, for any period or periods after a default by Lessee of any of the terms, covenants and conditions herein required to be performed, kept and observed by Lessee shall not be deemed a waiver or estoppel of any right on the part of the Cities to cancel this Agreement for any subsequent failure by Lessee to so perform, keep or observe any of said terms, covenants or conditions.

**18.7** This Lease will terminate at the option of Lessee:

**18.7.1** Upon the permanent closure of the Airport, the term "permanent closure" to mean for the purposes of this Agreement, the closure of the airport for ninety (90) or more consecutive days;

**18.7.2** The loss of the ability of Lessee due to no significant fault of Lessee to fly in or out of the Airport for reasons other than inclement weather, casualty or disaster, for a period of ninety (90) consecutive days; and

**18.7.3** The default by Cities in the performance of any covenant or condition required to be performed by the Cities, and the failure of the Cities to remedy such default for a period of sixty (60) days after receipt from Lessee of written notice to remedy the same, or default in the timely payment of any money due Lessee and failure to cure such default within sixty (60) days after notice to the Cities. Notice of exercise of the option to terminate by Lessee shall be given in the manner specified in Article 23 (Notices). In the event of Termination pursuant to this subsection 18.7.3, Lessee shall be entitled to compensation from the Cities for the fair market value of the Improvements.

**18.8** If Lessee ceases to conduct its authorized Aeronautical Activities on the Leased Premises for a period of twelve (12) consecutive months, the Cities may terminate this Agreement by written notice to Lessee given at any time while such cessation continues, unless Lessee resumes such activities within sixty (60) days following receipt of written notice from the Cities of such intent to terminate this Agreement.

**18.9** If Lessee fails to obtain any required permit or other governmental approval for the use of the Leased Premises pursuant to Section 3.1, within eighteen (18) months of the commencement date set forth in Section 1.1, or if Lessee fails to maintain any such permits or approvals during the term of this Agreement, this Agreement shall terminate, unless cured by Lessee within sixty (60) days following receipt of written notice from the Cities specifying the nature of such failure. Upon termination of this Agreement pursuant to this Section 18.9, and upon vacating the Leased Premises, Lessee shall not be required to pay additional rents, but no refund shall be due to Lessee of payments made by Lessee pursuant to this Agreement.

**18.10** Upon termination of this Agreement prior to the expiration of the Initial Term or the Extended Term, if any, the Cities may, but are not required to, relet the Leased Premises, or any part thereof, for the whole or any part of the remainder of such Initial Term or Extended Term, or for a longer period of time. Subject to Section 21.3, any rents received by the Cities as a result of such reletting shall remain the property of the Cities and shall not be credited to or otherwise become the property of Lessee.

## **ARTICLE 19: SURRENDER AND RIGHT OF RE-ENTRY**

**19.1** Subject to Section 8.2 above, upon the expiration, cancellation or termination of this Agreement pursuant to any terms hereof, Lessee agrees peaceably to surrender up the Leased Premises to the Cities in the condition required by Article 29 below. Upon such expiration, cancellation or termination, the Cities may re-enter and repossess the Leased Premises together with all Improvements and additions thereto, or pursue any remedy permitted by law for the enforcement of any of the provisions of this Agreement, at the Cities' election.

**19.2** In the event that Lessee remains in possession of the Leased Premises after the expiration, cancellation or termination of this Lease without written agreement with respect thereto, then Lessee shall be deemed to be occupying the Leased Premises as a tenant at-will, subject to all of the conditions, provisions and obligations of this Lease, but without any rights to extend the term of this Lease. The Cities' acceptance of rent from Lessee in such event shall not alter the status of Lessee as a tenant at will whose occupancy of the Leased Premises may be terminated by Cities at any time upon ten (10) days prior written notice.

## **ARTICLE 20: SERVICES TO LESSEE**

**20.1** The Cities covenant and agree that during the term of this Agreement, and subject to Airport priorities then in effect, they will use reasonable efforts to (a) operate the Airport as such for the use and benefit of the public; provided, however, that the Cities may prohibit or limit any given type, kind or class of aeronautical use of the Airport if such action is necessary for the safe and/or efficient operation of the Airport or necessary to serve the civil aviation needs of the public, (b) maintain the runways and taxiways in good repair, including the removal of snow, and (c) keep in good repair hard-surfaced public roads for access to the Leased Premises and remove snow there from.

**20.1.1** Said obligations of the Cities relevant to the maintenance of public roads and taxiways shall extend to the point where in such roads, streets and taxiways reach the property line of the Leased Premises, or the Ramp area constructed by Lessee under Section 4.5.

**20.1.2** Said obligations of the Cities relevant to the snow removal from public roads and taxiways shall extend to the point where in such roads, streets and taxiways reach the property line of the Leased Premises, and shall additionally include the Ramp area constructed by Lessee under Section 4.5 subject to the snow removal limitations set forth under Section 4.5.

**20.2** Except in cases of emergency, in which case no notice shall be required, Cities will endeavor to give not less than fourteen (14) days' prior written notice to Lessee of any anticipated temporary Airport closure, for maintenance, expansion or otherwise. Notwithstanding the above, the Cities shall not be deemed to be in breach of any provision of this Article 20 in the event of a permanent closure of the Airport. Provided, however, that if such permanent closure is in connection with the construction of a new airport by the Cities, Lessee shall have the option to enter into a substitute hangar ground lease agreement with the Cities, for the use of a portion of such new airport not smaller than the Leased Premises, under financial terms which are no less favorable than those set forth herein.

## **ARTICLE 21: SURVIVAL OF THE OBLIGATIONS OF LESSEE**

**21.1** In the event that the Agreement shall have been terminated due to default by Lessee in accordance with notice of termination as provided in Article 18, all of the obligations of Lessee under this Agreement shall survive such termination, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to the Cities to the same extent, at the same time or times, and in the same manner as if no termination, re-entry, regaining or resumption of possession had taken place. The Cities may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term of this Agreement.

**21.2** The amount of damages for the period of time subsequent to termination (or re-entry, regaining or resumption of possession) on account of Lessee's rental obligations shall be the sum of the following:

**21.2.1** The amount of the total of all installments of rents, less the installments thereof payable prior to the effective date of termination; and

**21.2.2** An amount equal to all expenses incurred by the Cities and not reimbursed in connection with regaining possession, restoring the Leased Premises required by Article 19, above, acquiring a new lease for the Leased Premises, legal expenses (including, but not limited to, attorneys' fees) and putting the Leased Premises in order.

**21.3** There shall be credited to the account of Lessee against its survived obligations hereunder, the amount actually received from any lessee, licensee, permittee, or other occupier in connection with the use of the said Leased Premises or portion thereof during the balance of the term of use and occupancy as the same is originally stated in this Agreement, and the market value of the occupancy of such portion of the Leased Premises as the Cities may themselves during such period actually use and occupy. No such use and occupancy shall be, or be construed to be, an acceptance of a surrender of the Leased Premises, nor shall such use and occupancy constitute a waiver of any rights of the Cities. The Cities will use their best efforts to minimize damages to Lessee under this Article.

**21.4** The provisions of this Article 21 shall not be applicable to termination of this Agreement pursuant to Section 3.1.2 or Section 4.4, or if expressly provided to the contrary elsewhere in this Agreement.

## **ARTICLE 22: USE SUBSEQUENT TO CANCELLATION OR TERMINATION**

The Cities shall, upon termination or cancellation, or upon re-entry, regaining or resumption of possession, have the right to repair and to make structural or other changes in the Leased Premises, including changes which alter its character and the suitability thereof for the purposes of Lessee under this Agreement, without affecting, altering or diminishing the obligations of Lessee hereunder, provided that any structural changes shall not be at Lessee's expense.

## **ARTICLE 23: NOTICES**

**23.1** Any notice, consent, approval or other communication given by either party to the other relating to this Agreement shall be in writing, and shall be delivered in person, sent by U.S. mail postage prepaid, sent by reputable overnight courier, or sent by electronic means (with evidence of such transmission received) to such other party at the respective addresses set forth below (or at such other address as may be designated from time to time by written notice given in the manner provided herein). Such notice shall, if hand delivered or personally served, be effective immediately upon receipt. If sent by US mail postage prepaid, such notice shall be deemed given on the third business day following deposit in the United States mail, postage prepaid and properly addressed; if delivered by overnight courier, notice shall be deemed effective on the first business day following deposit with such courier; and if delivered by electronic means, notice shall be deemed effective when received.

**23.2** The notice addresses of the parties are as follows:

To the Cities:

Northern Colorado Regional Airport Commission  
Attn: Airport Manager  
4900 Earhart Drive  
Loveland, CO 80538  
Facsimile: (970) 962-2855  
Email address: [airport@cityofloveland.org](mailto:airport@cityofloveland.org)

With a copy to:

Loveland City Attorney's Office  
500 E. Third Street  
Loveland, CO 80537

and



To Lessee:

jetCenters, Inc.  
Attn: Tony Buckley  
7800 East Dorado Place  
Greenwood Village, CO 80111  
Email Address: tbuckley@jetcenters.net

#### **ARTICLE 24: INVALID PROVISIONS**

The invalidity of any provisions, articles, paragraphs, portions or clauses of this Agreement shall have no effect upon the validity of any other part or portion hereof, so long as the remainder shall constitute an enforceable agreement. Furthermore, in lieu of such invalid provisions, articles, paragraphs, portions or clauses, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such invalid provision as may be possible and be legal, valid and enforceable.

#### **ARTICLE 25: MISCELLANEOUS PROVISIONS**

**25.1 Remedies to be Non-exclusive.** All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of, or exclusive of, each other, or of any other remedy available to the Cities, or Lessee, at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy provided that the Cities' remedies in the event of default shall not exceed those set forth in this Agreement.

**25.2 Non-liability of Individuals.** No director, officer, agent or employee of the Cities shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or of any supplement, modification or amendment to this Agreement because of any breach thereof, or because of his or their execution or attempted execution of the same. Except to the extent expressly provided for herein, no manager, member, agent or employee of Lessee or of any Unit Owner shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or of any supplement, modification or amendment to this Agreement because of any breach thereof, or because of his or their execution or attempted execution of the same.

**25.3 Estoppel Certificate.** At the request of Lessee in connection with an assignment of its interest in this Agreement, the Cities shall execute and deliver a written statement identifying them as the Lessors under this Agreement and certifying:

**25.3.1** The documents that then comprise this Agreement,

**25.3.2** That this Agreement is in full force and effect,

**25.3.3** The then current annual amount of rent and the date through which it has been paid,

**25.3.4** The expiration date of this Agreement,

**25.3.5** That no amounts are then owed by Lessee to the Cities (or, if amounts are owed, specifying the same)

**25.3.6** To the knowledge of the Cities, there are not defaults by Lessee under this Agreement or any facts which but for the passage of time, the giving of notice or both would constitute such a default, and

**25.3.7** Remaining rights to renew the term of this lease to the extent not theretofore exercised.

The party acquiring Lessee's interest in the Agreement shall be entitled to rely conclusively upon such written statement.

**25.4 Recording of Lease.** This Agreement shall be recorded by the Cities, and the costs of such recordation, and any closing costs associated with this Agreement, its execution and recordation, shall be billed to and paid by Lessee as additional rent.

**25.5 General Provisions.**

**25.5.1** This Agreement shall construed in accordance with the State of Colorado and venue shall be in Larimer County, Colorado.

**25.5.2** This Agreement is made for the sole and exclusive benefit of the Cities and Lessee, their successors and assigns, and is not made for the benefit of any third party.

**25.5.3** In the event of any ambiguity in any of the terms of this Agreement, it shall not be construed for or against any party hereto on the basis that such party did or did not author the same.

**25.5.4** All covenants, stipulations and agreements in this Agreement shall extend to and bind each party hereto, its legal representatives, successors and assigns.

**25.5.5** The titles of the several articles of this Agreement are inserted herein for convenience only, and are not intended and shall not be construed to affect in any manner the terms and provisions hereof, or the interpretation or construction thereof.

**25.5.6** Nothing herein contained shall create, or be construed to create, a partnership, joint venture, agency or any other relationship between the Cities and Lessee, other than that of landlord and tenant. The Cities and Lessee each expressly disclaim the existence of any such other relationship between them.

**25.5.7** Cities have and may allow certain portions of the Airport to be used by others tenants at any time and Lessee shall not interfere in any manner with said other tenants or with the facilities granted to such tenants. Nothing herein contained shall be construed to grant or authorize the granting of an exclusive right prohibited by Section 308 of the Federal Aviation Act of 1958, as amended, and the Cities reserved the right to grant to others the privilege and right of conducting any one or all of the activities specified herein, or any other activities of an aeronautical nature.

**25.5.8** In the event any action or proceeding is brought to recover payments due under this Agreement or take possession of the Leased Premises and/or the improvements thereon, or to enforce compliance with this Agreement for failure to observe any of its covenants, the prevailing party shall be awarded reasonable attorneys' fees and costs as set by the court.

**25.5.9** The time within which either party hereto shall be required to perform any act under this Agreement, other than the payment of money, shall be extended by a period equal to the number of days during which performance of such act is delayed unavoidably by strikes, lockouts, acts of God, governmental restrictions, failure or inability to secure materials or labor by reason of or similar regulation or order of any governmental or regulatory body, war, enemy action, acts of terrorism, civil disturbance, fire, unavoidable casualties, or any similar occurrence.

**25.6 Availability of Government Facilities.** In the event the existence, maintenance or operation of air navigation aids or other facilities supplied or operated by the United States or the State of Colorado at or in conjunction with the Airport are discontinued, the Cities shall have no obligation to furnish such facilities.

**25.5.10** The Cities designate the Commission and the Airport Manager as its representatives who shall make, within the scope of their authority, all necessary and proper decisions with reference to the Lease.

## **ARTICLE 26: SUBORDINATION CLAUSES**

**26.1** This Agreement is subject and subordinate to the following:

**26.1.1** The Cities reserve the right to develop and improve the Airport as they see fit, regardless of the desires or view of Lessee, and without interference or hindrance by or on behalf of Lessee, provided Lessee is not deprived of the use or access to the Leased Premises or any of Lessee's rights under this Agreement and unless said activities by the Cities shall result in the loss of convenient access to the Leased Premises by motor vehicles and/or aircraft owned or operated by Lessee or Lessee's assigns, subtenants, renters, agents, employees or invitees.

**26.1.2** The Cities reserve the right to take any action they consider necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent Lessee from erecting or permitting to be erected any building or other structure on the Airport which would limit the usefulness of the Airport or constitute a hazard to aircraft.

**26.1.3** This Agreement is and shall be subordinate to the provision of existing and future agreements between the Cities and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the obtaining or expenditure of federal funds for the benefit of the Airport.

**26.1.4** During the time of war or national emergency, the Cities shall have the right to lease all or any part of the landing area or of the airport to the United States for military use, and if any such lease is executed, the provisions of this Agreement insofar as they may be inconsistent with the provisions of such lease to the government, shall be suspended, but such suspension shall not extend the term of this Agreement. Abatement of rentals shall be reasonably determined by the Cities and Lessee in proportion to the degree of interference with Lessee's use of the Leased Premises.

**26.1.5** Except to the extent required for the performance of any obligations of Lessee hereunder, nothing contained in this Agreement shall grant to Lessee any rights whatsoever in the airspace above the Leased Premises other than those reasonably necessary to Lessee's enjoyment of the Leased Premises and Cities' Airport facilities and which are consistent with Federal Aviation Administration rules, regulations and orders currently or subsequently effective. Further, Lessee's rights in airspace above the Leased Premises and the Airport and the Airport facilities shall be not less than the rights therein by other users of the Airport and Airport facilities.

## **ARTICLE 27: QUIET ENJOYMENT**

Cities hereby covenant and warrant that they are the owners of the Leased Premises and that Lessee upon payment of rentals herein provided for and performance of provisions on its part to be performed shall and may peacefully possess and enjoy the Leased Premises during the term hereof and any extensions hereof without any interruption or disturbance.

## **ARTICLE 28: ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement of the parties hereto and may be changed, modified, discharged or extended by written instrument duly executed by the Cities and Lessee. The parties agree that no representations or warranties shall be binding upon the Cities or Lessee unless expressed in writing.

## **ARTICLE 29: TITLE TO IMPROVEMENTS UPON TERMINATION**

**29.1** Upon the expiration, cancellation or termination of this Agreement, Lessee may elect to remove the Improvements and all additions and appurtenances thereto at its own expense in accordance with the following:

(a) Lessee may elect to remove the Improvements upon expiration of the Initial Term or any Extended Term by giving the Cities written notice of Lessee's election not less than sixty (60) days prior to the expiration of the Initial Term or Extended Term (the "Notice Deadline"). If Lessee gives such written notice of its election on or before the Notice Deadline, Lessee shall complete removal of the Improvements and all additions and appurtenances as required by this Article 29 on or before the expiration of the Initial Term or any Extended Term. Failure of Lessee to give such written notice of its election on or before the Notice Deadline shall be deemed to be an election, by Lessee, to surrender ownership of the Improvements and all additions and appurtenances thereto to the Cities in accordance with Section 29.2 below.

(b) Lessee may elect to remove the Improvements upon cancellation or termination of this Agreement by giving the Cities written notice of its election within thirty (30) days after such cancellation or termination. Provided Lessee is not in default in the payment of rental or other financial obligations due hereunder and has given written notice of its election within such thirty (30) day period, Lessee shall have a reasonable time, not to exceed sixty (60) days after notice of such election is given to the Cities, in which to complete removal of Improvements and restoration as required by this Article 29. During any occupancy by Lessee after cancellation or termination of this Agreement for the time period prior to completion of removal of Improvements and restoration, Lessee shall be deemed to be holding over under the terms and conditions of Section 19.2 above and shall pay to the Cities rent at the then-current lease rate for such period. If Lessee (i) fails to give such written notice of its election within the thirty (30) day period set forth in this subsection (b); or (ii) is ineligible to make such election because Lessee is in default in the payment of rental or other financial obligations due hereunder, Lessee shall be deemed to have made an election to surrender ownership of the Improvements and all additions and appurtenances thereto to the Cities in accordance with Section 29.2.

(c) Removal of Improvements and all additions and appurtenances thereto and restoration as required under this Article 29 shall include Lessee's completion of all work necessary to leave the Leased Premises in a clean, orderly, and as close to original condition as possible as approved by the Cities, and shall include as a minimum:

(i) removal of all Improvements and above ground structures and above ground foundations, including utilities and utility connections, which shall be capped or otherwise left in a safe condition; and

(ii) modification of the surface so that it is free of any holes or obstructions that would prevent normal aircraft taxi operations and graded as necessary to ensure proper drainage.

**29.2** In the event that Lessee fails to give written notice to the Cities of its election to remove Improvements within the time periods and as otherwise provided in Section 29.1 above, then Cities and Lessee agree that in consideration of Lessee's use of the Airport for construction and operation of the Improvements, the Improvements and all additions and appurtenances thereto shall become the property of



and title shall automatically vest in the Cities upon expiration, cancellation or termination of this Agreement, without payment of additional consideration by the City, and free and clear of all liens and encumbrances. Lessee agrees to execute all documents and take such reasonable actions, if any, as may be necessary to confirm the transfer of title to the Improvements to the Cities.

Lessee's obligations under this Article 29 shall survive any expiration, cancellation, or termination of this Agreement

#### **ARTICLE 30: RIGHT OF FIRST REFUSAL**

If at any time Lessee desires to sell, assign, or otherwise transfer its interest under this Agreement, including the Improvements existing on the Leased Premises, to an Unaffiliated Entity as defined in Section 10.1, above, and has obtained a bona fide offer for such sale, Lessee must first offer to sell, assign, or otherwise transfer such interest to the Cities, at the price and on the same terms as such bona fide offer, and the Cities shall have the right to purchase Lessee's interest under such terms. Such offer must be in writing and state the name of the proposed transferee and all of the terms and conditions of the proposed transfer. The Cities shall have the right for a period of sixty (60) after receipt of the offer from Lessee to elect to purchase Lessee's interest (such sixty (60) day period referred to as the "Election Period"). If the Cities do not desire to purchase Lessee's interest, Lessee may then sell, assign, or otherwise transfer its interest in this Agreement to the person making the said offer, at the price and terms set forth in the offer, subject to the requirements of Article 13. If Lessee fails to close such sale within sixty (60) days after the expiration of the Election Period, any proposed sale, assignment or other transfer thereafter shall again be subject to this Article. This right of the Cities shall be continuing and shall survive any sale, assignment or other transfer of Lessee's interest under this Agreement. The intent of this Article is to require all of Lessee's interests in this Agreement be sold, assigned or otherwise transferred intact, without fractionalization.

#### **ARTICLE 31: REQUIREMENTS FOR CONDOMINIUMIZATION**

This Agreement does not authorize Lessee to create either a common interest community or hangar condominiums on the Leased Premises. If Lessee desires to create a common interest community or hangar condominiums on the Leased Premises, a written amendment to this Agreement shall be required, containing such additional terms as the Cities may reasonably require, including but not necessarily limited to terms necessary for compliance with the Colorado state law.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the day and year first above written.

**CITY OF FORT COLLINS, COLORADO**

By: \_\_\_\_\_  
Darin Atteberry, City Manager

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Senior City Attorney

**CITY OF LOVELAND, COLORADO**

By: \_\_\_\_\_  
Stephen C. Adams, City Manager

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Assistant City Attorney

**LESSEE:**

**FORT COLLINS-LOVELAND JETCENTER, INC.**

By: \_\_\_\_\_  
Tony Buckley, President & CEO

Date: \_\_\_\_\_

# Exhibit A

## Description of Leased Premises



**EXHIBIT B**  
Rental Payment Exhibit

(a) **Phase I Rent.** Commencing on July 1, 2021 (the “**Phase I Rent Commencement Date**”), Lessee agrees to pay to the Cities for the first (1st) year following the Phase I Rent Commencement Date an annual rent of \$0.30 per square foot for the Phase I Rental Area, for a total of \$16,009.80 per year, subject to adjustment pursuant to Section 4.2. “**Phase I Rental Area**” as used herein shall mean the area comprising a portion but not all of the Leased Premises generally depicted and identified on **Exhibit “B-1”** which is attached hereto and by this reference made a part hereof; the parties hereto have agreed that the Phase I Rental Area contains 53,366 square feet. The Phase I Rental Area includes paved areas which Lessee shall construct to comply with the Minimum Standards.

The parties acknowledge and agree that Lessee intends to develop and construct the remaining Leased Premises in phases comprising currently undetermined portions of the Leased Premises at times reasonably determined by Lessee.

(b) **Phase II Rent.** Commencing on July 1, 2021 (the “**Phase II Rent Commencement Date**”), Lessee agrees to pay to the Cities for the first (1st) year following the Phase I Rent Commencement Date an annual rent of \$0.05 per square foot for the Phase II Rental Area, for a total of \$3,535.40 per year, subject to adjustment pursuant to Section 4.2 plus 80% of the rental revenue generated by the existing aircraft hangars located at 4930 Grumman St, which are to be managed by the Lessee as part of this lease agreement as described in Section (e) below. Commencing on the earlier of (i) the date that the first certificate of occupancy (or its equivalent) is issued for any of the Improvements located within the Phase II Rental Area (as hereinafter defined) and (ii) the 5th anniversary of the Phase II Rent Commencement Date (the “**Phase II Rent Escalation Date**”), Lessee shall pay to the Cities an annual rent equal to the current Phase I rent per square foot multiplied by the Phase II Rental Area, subject to adjustment pursuant to Section 4.2. “**Phase II Rental Area**” as used herein shall mean the area comprising a portion but not all of the Leased Premises generally depicted and identified on **Exhibit “B-1”** which is attached hereto and by this reference made a part hereof; the parties hereto have agreed that the Phase II Rental Area contains 70,708 square feet. The Phase II Rental Area includes paved areas which Lessee shall construct to comply with the Minimum Standards.

(c) **Phase III Rent.** Commencing on July 1, 2021 (the “**Phase III Rent Commencement Date**”), Lessee agrees to pay to the Cities for the first (1st) year following the Phase I Rent Commencement Date an annual rent of \$0.05 per square foot for the Phase III Rental Area, for a total of \$2,583.90 per year, subject to adjustment pursuant to Section 4.2 plus 80% of the rental revenue generated by the existing aircraft hangars located at 4960 Grumman St, which are to be managed by the Lessee as part of this lease agreement as described in Section (e) below. Commencing on the earlier of (i) the date that the first certificate of occupancy (or its equivalent) is issued for any of the Improvements located within the Phase III Rental Area (as hereinafter defined) and (ii) the 9th anniversary of the Phase III Rent Commencement Date (the “**Phase III Rent Escalation Date**”), Lessee shall pay to the Cities an annual rent equal to the current Phase I rent per square foot multiplied by the Phase III Rental Area, subject to adjustment pursuant to Section 4.2. “**Phase III Rental Area**” as used herein shall mean the area comprising a portion but not all of the Leased Premises generally depicted and identified on **Exhibit “B-1”** which is attached hereto and by this reference made a part hereof; the parties hereto have agreed that the Phase III Rental Area contains 51,678 square feet. The Phase III Rental Area includes paved areas which Lessee shall construct to comply with the Minimum Standards.

(d) **Rent Escalation.** The escalation of Rent described herein above is generally described in **Exhibit “B-2”** attached hereto, such Exhibit is for demonstration purposes and is not intended to control



the CPI increases, or Rent Commencement Date or Rent Escalation Date for any Phase (as defined for each Phase above), such Dates to be established as set forth herein above.

(e) **Initial Rent Waiver.** Notwithstanding the foregoing, and in recognition of the fact that it may take Lessee a period of time to construct the Hangars described in Paragraph 4.4, Lessee's rent payment for the first three months of the first year of this Agreement and excluding any Extended Term shall be waived. If Lessee exercises any option to extend the term of this Agreement under Section 1.2, annual rent per square foot for the first year of such Extended Term shall be the greater of (a) the rent determined under Section 4.2, as if the Initial Term had continued throughout such Extended Term, or (b) the then current market rates for hangar ground leases at comparable airports in the Front Range area, which shall be deemed to include the Denver Metro Area north through Cheyenne. Cities and Lessee agree to use their best efforts to agree on then current market rates, and execute a Lease Extension Agreement, within ninety (90) days after Lessee's written notice of election is received by the Cities.

(f) **Rental Management.** The Cities shall assign the existing hangar leases to Lessee and Lessee shall be responsible for all obligations associated with the hangars on the Premises, including but not limited to collecting rent, and maintaining, repairing and insuring the hangars. If this Agreement is terminated for any reason, Lessee agrees to immediately assign any and all leases in place at the time of termination to the Cities. Lessee agrees to maintain the current lease rates for all of the existing leases, adjusting only for CPI as described in Section 4.2. Lessee agrees that it shall provide no less than six months advance written notice to tenants in hangars in each phased Rental Area prior to termination of their hangar leases. In addition, Lessee shall be responsible for any and all demolition costs associated with development during all phases.

Exhibit B-1

# jetCenter Proposed Lease Phases

**TOTAL NEW LEASE AREA**  
**175,752 SF**

**EXISTING LEASE**

**PHASE I**  
**53,366 SF**

4910

**PHASE III**  
**51,678 SF**

4960

**PHASE II**  
**70,708 SF**

4920

4930



## Exhibit B-2

### Rent Phasing Example

|                  |                         |
|------------------|-------------------------|
| Rentable SF      | 175,752                 |
| Preliminary Rate | \$0.05                  |
|                  | 80% of T-Hangar Revenue |
| Final Rate       | \$0.30                  |
| CPI              | 2.0%                    |

This example assumes a constant 2% annual CPI

| Proposed Lease Schedule |                                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|-------------------------|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                         | Lease Year                       | 1                | 2                | 3                | 4                | 5                | 6                | 7                | 8                | 9               | 10              | 11              | 12              | 13              | 14              | 15              | 16              | 17              | 18              | 19              | 20              |
|                         | Fiscal Year                      | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             | 2027             | 2028             | 2029            | 2030            | 2031            | 2032            | 2033            | 2034            | 2035            | 2036            | 2037            | 2038            | 2039            | 2040            |
| <b>Rent</b>             |                                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Phase I                 | SF                               | 53,366           | 53,366           | 53,366           | 53,366           | 53,366           | 53,366           | 53,366           | 53,366           | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          |
|                         | Rental Rate                      | \$0.30           | \$0.31           | \$0.31           | \$0.32           | \$0.32           | \$0.33           | \$0.34           | \$0.34           | \$0.35          | \$0.36          | \$0.37          | \$0.37          | \$0.38          | \$0.39          | \$0.40          | \$0.40          | \$0.41          | \$0.42          | \$0.43          | \$0.44          |
|                         | Phase I Rent                     | \$16,010         | \$16,330         | \$16,657         | \$16,990         | \$17,330         | \$17,676         | \$18,030         | \$18,390         | \$18,758        | \$19,133        | \$19,516        | \$19,906        | \$20,304        | \$20,710        | \$21,125        | \$21,547        | \$21,978        | \$22,418        | \$22,866        | \$23,323        |
| Phase II                | SF                               | 70,708           | 70,708           | 70,708           | 70,708           | 70,708           | 70,708           | 70,708           | 70,708           | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          |
|                         | 4930 T-hangars at 80% (12 Units) | \$33,638         | \$34,311         | \$34,997         | \$35,697         |                  |                  |                  |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                         | Rental Rate                      | \$0.05           | \$0.05           | \$0.05           | \$0.05           | \$0.32           | \$0.33           | \$0.34           | \$0.34           | \$0.35          | \$0.36          | \$0.37          | \$0.37          | \$0.38          | \$0.39          | \$0.40          | \$0.40          | \$0.41          | \$0.42          | \$0.43          | \$0.44          |
|                         | Phase II Rent                    | \$37,174         | \$37,917         | \$38,676         | \$39,449         | \$22,961         | \$23,420         | \$23,889         | \$24,366         | \$24,854        | \$25,351        | \$25,858        | \$26,375        | \$26,902        | \$27,441        | \$27,989        | \$28,549        | \$29,120        | \$29,702        | \$30,297        | \$30,902        |
| Phase III               | SF                               | 51,678           | 51,678           | 51,678           | 51,678           | 51,678           | 51,678           | 51,678           | 51,678           | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          |
|                         | 4960 T-Hangars at 80% (20 Units) | \$56,064         | \$57,185         | \$58,329         | \$59,496         | \$60,685         | \$61,899         | \$63,137         | \$64,400         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|                         | Rental Rate                      | \$0.05           | \$0.05           | \$0.05           | \$0.05           | \$0.05           | \$0.06           | \$0.06           | \$0.06           | \$0.35          | \$0.36          | \$0.37          | \$0.37          | \$0.38          | \$0.39          | \$0.40          | \$0.40          | \$0.41          | \$0.42          | \$0.43          | \$0.44          |
|                         | Phase III Rent                   | \$58,648         | \$59,821         | \$61,017         | \$62,238         | \$63,482         | \$64,752         | \$66,047         | \$67,368         | \$18,165        | \$18,528        | \$18,899        | \$19,277        | \$19,662        | \$20,055        | \$20,456        | \$20,866        | \$21,283        | \$21,709        | \$22,143        | \$22,586        |
|                         | <b>Total Rent</b>                | <b>\$111,832</b> | <b>\$114,068</b> | <b>\$116,349</b> | <b>\$118,676</b> | <b>\$103,773</b> | <b>\$105,848</b> | <b>\$107,965</b> | <b>\$110,125</b> | <b>\$61,776</b> | <b>\$63,012</b> | <b>\$64,272</b> | <b>\$65,558</b> | <b>\$66,869</b> | <b>\$68,206</b> | <b>\$69,570</b> | <b>\$70,962</b> | <b>\$72,381</b> | <b>\$73,829</b> | <b>\$75,305</b> | <b>\$76,811</b> |

| Proposed Lease Schedule |                                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |
|-------------------------|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                         | Lease Year                       | 21              | 22              | 23              | 24              | 25              | 26              | 27              | 28              | 29              | 30              | 31              | 32              | 33              | 34               | 35               | 36               | 37               | 38               | 39               | 40               |
|                         | Fiscal Year                      | 2041            | 2042            | 2043            | 2044            | 2045            | 2046            | 2047            | 2048            | 2049            | 2050            | 2051            | 2052            | 2053            | 2054             | 2055             | 2056             | 2057             | 2058             | 2059             | 2060             |
| <b>Rent</b>             |                                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| Phase I                 | SF                               | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366          | 53,366           | 53,366           | 53,366           | 53,366           | 53,366           | 53,366           | 53,366           |
|                         | Rental Rate                      | \$0.45          | \$0.45          | \$0.46          | \$0.47          | \$0.48          | \$0.49          | \$0.50          | \$0.51          | \$0.52          | \$0.53          | \$0.54          | \$0.55          | \$0.57          | \$0.58           | \$0.59           | \$0.60           | \$0.61           | \$0.62           | \$0.64           | \$0.65           |
|                         | Phase I Rent                     | \$23,790        | \$24,266        | \$24,751        | \$25,246        | \$25,751        | \$26,266        | \$26,791        | \$27,327        | \$27,873        | \$28,431        | \$29,000        | \$29,580        | \$30,171        | \$30,775         | \$31,390         | \$32,018         | \$32,658         | \$33,311         | \$33,978         | \$34,657         |
| Phase II                | SF                               | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708          | 70,708           | 70,708           | 70,708           | 70,708           | 70,708           | 70,708           | 70,708           |
|                         | 4930 T-hangars at 80% (12 Units) |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |
|                         | Rental Rate                      | \$0.45          | \$0.45          | \$0.46          | \$0.47          | \$0.48          | \$0.49          | \$0.50          | \$0.51          | \$0.52          | \$0.53          | \$0.54          | \$0.55          | \$0.57          | \$0.58           | \$0.59           | \$0.60           | \$0.61           | \$0.62           | \$0.64           | \$0.65           |
|                         | Phase II Rent                    | \$31,521        | \$32,151        | \$32,794        | \$33,450        | \$34,119        | \$34,801        | \$35,497        | \$36,207        | \$36,931        | \$37,670        | \$38,423        | \$39,192        | \$39,976        | \$40,775         | \$41,591         | \$42,422         | \$43,271         | \$44,136         | \$45,019         | \$45,919         |
| Phase III               | SF                               | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678          | 51,678           | 51,678           | 51,678           | 51,678           | 51,678           | 51,678           | 51,678           |
|                         | 4960 T-Hangars at 80% (20 Units) |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |
|                         | Rental Rate                      | \$0.45          | \$0.45          | \$0.46          | \$0.47          | \$0.48          | \$0.49          | \$0.50          | \$0.51          | \$0.52          | \$0.53          | \$0.54          | \$0.55          | \$0.57          | \$0.58           | \$0.59           | \$0.60           | \$0.61           | \$0.62           | \$0.64           | \$0.65           |
|                         | Phase III Rent                   | \$23,037        | \$23,498        | \$23,968        | \$24,447        | \$24,936        | \$25,435        | \$25,944        | \$26,463        | \$26,992        | \$27,532        | \$28,082        | \$28,644        | \$29,217        | \$29,801         | \$30,397         | \$31,005         | \$31,625         | \$32,258         | \$32,903         | \$33,561         |
|                         | <b>Total Rent</b>                | <b>\$78,347</b> | <b>\$79,914</b> | <b>\$81,513</b> | <b>\$83,143</b> | <b>\$84,806</b> | <b>\$86,502</b> | <b>\$88,232</b> | <b>\$89,997</b> | <b>\$91,797</b> | <b>\$93,632</b> | <b>\$95,505</b> | <b>\$97,415</b> | <b>\$99,364</b> | <b>\$101,351</b> | <b>\$103,378</b> | <b>\$105,445</b> | <b>\$107,554</b> | <b>\$109,705</b> | <b>\$111,899</b> | <b>\$114,137</b> |

## **RESOLUTION R-9-2021**

### **A RESOLUTION RECOMMENDING APPROVAL BY THE CITY COUNCILS OF LOVELAND AND FORT COLLINS OF A HANGAR GROUND LEASE AGREEMENT WITH FORT COLLINS-LOVELAND JETCENTER**

**WHEREAS**, the Cities of Fort Collins and Loveland (the “Cities”) jointly own and operate the Northern Colorado Regional Airport (the “Airport”), located within the city limits of Loveland; and

**WHEREAS**, the Airport currently owns 58 T-hangars on the Airport property (the “T-hangars”), 19 of which recently reverted to the ownership of the Airport following the expiration of certain long-term ground leases. The T-hangars date back to the 1960’s and 1970’s and are reaching the end of their serviceable lifespans; and

**WHEREAS**, the Airport was recently approached by Fort Collins-Loveland jetCenter (“jetCenter”), the Airport’s fixed-base operator, with a proposal to redevelop the area of land on which the T-hangars are located; and

**WHEREAS**, jetCenter and staff have agreed to a long-term lease (the “Lease”) of 175,752 square feet of Airport property adjacent to jetCenter’s current leased premises. The Lease has a standard term of 25 years plus three optional five-year renewal terms and requires rental payments commensurate with the Airport’s adopted land lease rates. The Lease further provides for jetCenter to redevelop the existing T-hangars with larger hangars in three phases over a period of 9 years. The proposed Lease is attached hereto as “Exhibit A” and incorporated herein; and

**WHEREAS**, given the age and condition of the T-hangars, the cost of maintaining them, and the proposed investment into redeveloping this area with new hangars, Airport staff believe that the proposed Lease is in the best interests of the Airport, and recommend approval by the Commission; and

**WHEREAS**, the Planning and Development Subcommittee (the “PDSC”) of the Northern Colorado Regional Airport Commission (the “Commission”) reviewed the proposed lease terms at its May 26, 2021 meeting and voted unanimously to recommend approval of a long-term lease to jetCenter; and

**WHEREAS**, the Commission has reviewed this matter and desires to approve the Lease and recommend final approval of the Lease by the City Councils of Fort Collins and Loveland as being in the best interests of the Airport and the Cities.

### **NOW, THEREFORE, BE IT RESOLVED BY THE NORTHERN COLORADO REGIONAL AIRPORT COMMISSION THAT:**

1. That the Commission recommends that the City Councils of Loveland and Fort Collins approve the Lease, attached hereto as “Exhibit A” and incorporated herein.



2. That the Airport Director, in consultation with legal counsel for the Commission, may modify the Lease in form or substance as deemed necessary to effectuate the purposes of this Resolution or to protect the interests of the Airport and the Cities.

3. That this Resolution will be effective as of the date of adoption.

ADOPTED this \_\_\_\_ day of June, 2021.

By: \_\_\_\_\_  
Don Overcash, Chair

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

  
Assistant City Attorney



# NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

**ITEM NUMBER:** 7

**MEETING DATE:** June 17, 2021

**PREPARED BY:** Jason Licon, Airport Director  
Stacey Pearson, Spinnaker Strategy

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## **TITLE**

Vision & Mission StratOp Recommendation

## **RECOMMENDED AIRPORT COMMISSION ACTION**

Discuss and select the desired Vision & Mission Statements as a result of work done from the StratOp meeting.

## **BUDGET IMPACT**

Negative

## **SUMMARY**

This item is seeking the approval of the drafted Vision & Mission statements as created by Chair Overcash, PDSC member Diane Jones, and Stacy Person from Spinnaker Strategies.

## **ATTACHMENT**

StratOp Vision & Mission Recommendations

# Vision and Mission Statements

At the next meeting, we are seeking your input and approval on the included options in this powerpoint.

Perspective from Don and Diane is provided on slide 4 – thank you Diane and Don for drafting this work for us to finalize together!

# MISSION: Why we exist? What do we do? Who do we serve? (Why and How)

a) Serving the region, we are a catalyst for innovation in all modes of transportation, a driving force for innovation in business and training, and a global gateway to all travelers.

b) We are a “smart” regional airport. We are a catalyst for innovative business development, research, training and education. We are a global gateway to a magnificent Colorado!



VISION: To what do we aspire? What does it look like when we get there...the future? (What)

Tag Line: Partnering Today to Improve Tomorrow

a) Northern Colorado Regional Airport...sparking innovative transportation and leading edge economic development, training, research and education throughout the region.

b) Northern Colorado Regional Airport...accelerating innovation and research in leading edge transportation solutions and services and driving fresh economic opportunities in aviation, aerospace and business technologies.

Our thinking was based on comments from the StratOps session and our subsequent conversations. We tried to sort and identify some words and phrases that seemed to be prevalent. Here are the themes and concepts we considered:

There are two major components: innovative transportation and driving force for regional economic development

- Mobility/transportation (of all types) hub
- Airport going vertical
- Safe, reliable transportation solutions
- See the airport as: an accelerant; catalyst; a driver
- Airport is MUCH MORE than a fixed-wing facility
- Smart evolutionary growth of aviation
- Premier area and center for employment, transportation and economic development
- Technological research and development
- Partnerships: action will be with and through partners
- The airport provides \_\_\_\_\_ for/with \_\_\_\_\_ to \_\_\_\_\_.
- Safe and operationally excellent
- The airport is a catalyst to “do life” — work, recreate, innovate
- It will promote better everyday living
- Entrepreneurial, collaborative, connected, beacon of innovation
- Sense of place
- How to craft statements that convey a picture and/or story about what we aspire to



# NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

**ITEM NUMBER:** 8  
**MEETING DATE:** June 17, 2021  
**PREPARED BY:** Jason Licon, Airport Director

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## **TITLE**

COVID Business Assistance Program Review

## **RECOMMENDED AIRPORT COMMISSION ACTION**

No recommended action required which will allow the Business Assistance program to expire to new applicants at the previously approved term end of June 30, 2021.

## **BUDGET IMPACT**

Potentially negative due to risks involved with repayment

## **SUMMARY**

This is an Airport Commission approved program designed to provide relief to Airport businesses due to the financial impacts of the COVID-19 Pandemic. A total of two companies are still utilizing the ability to defer leases as part of the program. The current balances on total lease deferral through the end of May 2021 is \$77,439.95. FAA guidance requires that upon the end of the 2020 calendar year, airports begin charging interest to the incurred balances using the published Federal treasury note interest rate. The monthly published rate for December 31, 2020 was 0.137% and these accounts have been accruing interest on their balances since January 2021 in accordance with FAA guidelines.

Airport staff is recommending that this program be allowed to expire to new applicants and to continue working with those that have deferred leases for repayment at a future date. Airport staff has reached out to businesses in the program in an effort to begin developing reasonable rent payback schedules, and both have identified that they will be repaying the rent deferrals in full for not longer than 36 months. During this time interest rates will be assessed as published and in accordance with regulations.

## **ATTACHMENT**

None



# NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

(970) 962-2850 • FAX (970) 962-2855 • TDD (970) 962-2620

**ITEM NUMBER:** 10  
**MEETING DATE:** June 17, 2021  
**PREPARED BY:** Jason Licon, Airport Director

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## **TITLE**

Terminal Funding Discussion with Possible Executive Session

## **RECOMMENDED AIRPORT COMMISSION ACTION**

Move to recess into executive session to receive legal advice regarding legal implications of terminal funding opportunities, including public-private partnership, and to discuss matters subject to negotiation

## **BUDGET IMPACT**

Unknown

## **SUMMARY**

The Airport Commission has provided staff with direction on finding solutions from multiple sectors in order to maximize the use of the Cares Act Funding that is proposed to be applied to the new terminal project. Airport staff with the help of a team from both Cities created and solicited a Request for Information from third parties that may be interested in participating in the terminal project. Since this was published staff began investigating the feasibility and legality to utilize CARES Act funding combined with a private sector partner. Initially the FAA did provide an answer of yes that it is feasible to accomplish, however staff and legal representatives needed to understand what was required in order to make this type of arrangement successful.

An aviation specialized attorney was hired by the Cities to assist with this investigation. Mr. Dan Reimer has been retained by the Cities and has extensive experience with aviation law and matters that pertain to public – private partnerships at airports and more specifically airport terminals. This item will include an executive session for the Airport Commission to discuss results of the submittals received and obtain legal advice pertaining to Terminal Funding agreement negotiation.

## **ATTACHMENT**

None

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