



NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

4900 EARHART ROAD • LOVELAND, CO 80538

REGULAR MEETING AGENDA

THURSDAY, AUGUST 19, 2021

3:30PM – 5:00PM

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

CONSENT AGENDA – 5 MIN

1. JULY 15, 2021 MEETING MINUTES
2. JULY FINANCIAL STATEMENT
3. LEASE ASSIGNMENT AND ASSUMPTION 5065 GRUMMAN STREET
4. NEW LEASE AGREEMENTS FOR EXISTING HANGAR 5216 CESSNA DRIVE

PULLED CONSENT AGENDA ITEMS

APPROVAL OF CONSENT AGENDA

CONSENT AGENDA FOLLOWUP

AIRPORT DIRECTOR'S REPORT – 15 MIN

REGULAR AGENDA

5. 2022 AIRPORT BUDGET & RATES AND FEES STUDY SESSION – 30 MIN
6. STRATOP VISION & MISSION STATEMENT ADOPTION – 5 MIN (ACTION ITEM)
7. COVID BUSINESS ASSISTANCE PROGRAM REVIEW – 15 MIN (ACTION ITEM)
8. AIR CARRIER AGREEMENT RECOMMENDATION TO COUNCILS – 30 MIN (ACTION ITEM)
9. BUSINESS FROM MEMBERS

ADJOURN

Meeting Planning Calendar

September 16

- Budget & Rates and Fees Approval & Recommendation
- Draft Capital Plan for 2022-2026
- Request For Proposal Review & Approval Redevelopment of Hangars
- Terminal Design Presentation Update

October 21

- Draft StratOp Workplan Presentation
- Capital Plan for 2022-2026 Approval
- IGA Review & Presentation
- Terminal 30% design presentation

November 10

- Terminal Philanthropic Funding Feasibility Report
- Terminal Project Request for Approval for 100% design

Next Regularly Scheduled PDSC Meeting: August 25 @3:30. Agenda and materials available at www.flynoco.com/airport-commission/pdsc.



July 15, 2021 Meeting Minutes

Call to Order: Chair Overcash called the meeting to order at 3:32 pm

Roll Call: Chair Overcash, Vice-Chair Fleming, Commissioners Adams, Atteberry, and Stooksbury were present. Commissioners Arndt and Burgener were absent.

Public Comments: None

3:38 p.m. Commission Burgener arrived and entered the meeting.

Commission Stooksbury moved to switch the order of items 3 and 4 and switch the order for items 7 and 8. The motion, seconded by Commissioner Adams carried with all the Commissioners present voting in favor thereof.

Consent Agenda

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

Pulled Items

None

Consent Follow up

Director Licon announced Commissioner Curt Burgener's reinstatement as the City of Loveland's representative on the Airport Commission for an additional four years.

Public Comments:

None

Regular Agenda

**3. Recognition of Service
for Commissioner Darin
Atteberry**

The purpose of this item is to recognize Darin Atteberry and the service and support he has given to the Airport during his appointment on the Northern Colorado Regional Airport Commission and to previous Airport Committees.

Public Comments:

None

**4. Fort Collins-Loveland
jetCenter Development
Proposal**

This item was considered at the June 17th Airport Commission meeting, many t-hangar tenants and other Airport stakeholders were in attendance and a number of concerns were shared during public comment, resulting in the item being tabled. The Airport Commission directed Airport staff and the Planning & Development Subcommittee (PDSC) to provide more opportunity for feedback and to examine potential options and solutions. Following the



meeting, staff solicited additional feedback by email and the entirety of the June 23rd PDSC meeting was devoted to this topic. A memorandum containing the feedback received was included in this meeting's packet. Staff requested for the Airport Commission provide direction on next steps related to this proposal.

Most of the variables can only be estimated, such as t-hangar buildings' remaining life, exact phasing of the redevelopment, and the increase in fuel sales related to the development. Short-term revenue impacts are projected to be negative, but mid to long-term revenue impacts are projected to be positive.

The Airport Commission directed staff in the form of their approval and adoption of the Airport Master Plan, Strategic Plan, Design Standards, 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.

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 26th meeting and voted unanimously to recommend approval of the lease.

Vice-Chair Fleming moved to have the proposed redevelopment area published as an RFP and to have a parallel T-hangar replacement planned at the same time. The motion, seconded by Commissioner Atteberry was withdrawn after further discussion and did not pass.

Public Comments: None was allowed as over four pages of comments were accepted into the records for the past month on this topic.

Commissioner Adams moved to direct staff to work with the two Cities to develop an RFP type proposal to bring back to the Commission that would address how things can be done using just the property and its development, how the property can be used, and also hangars, how those would be done and then a separate proposal on how just the hangars would just be addressed. Three different options there and any other ideas they have. The motion, seconded by Vice-Chair Fleming carried with all the Commissioners present voting in favor thereof.

5:32 p.m. Chair Overcash exited the meeting and Vice-Chair Fleming assumed duties as Chair for the remainder of the meeting.

5. Terminal Funding
Discussion with Possible
Executive Session

The Airport Commission provided staff with direction on finding solutions to maximize the use of the federal funding to be applied to the new terminal project. This is a continuation of the public-private partnership (P3) investigation that was partially discussed during the June Airport Commission Meeting, as time would not allow for the entire item to be heard and considered.

Staff from the Cities and the Airport created and solicited a broad Request for Information (RFI) 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. The FAA did provide an affirmation that it is feasible to accomplish, and the Commission directed staff to investigate requirements to make this type of arrangement successful.

An aviation specialized attorney and P3 expert 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. Mr. Reimer will provide information on how a successful P3 arrangement would need to be organized from this point, and discuss project funding and delivery recommendations including some examples.

Last month the Terminal design team conducted the fourth and final design charrette with the Airport Commission and PDSC. During the meeting the project team shared cost estimate results for the 15% design in addition to less costly building and site alternatives to consider. The Commission directed staff and the project team to continue with the original design, and to incorporate some of the practical value engineering items into the 30% design end product. This direction provides more clarity on the financial gap that exists which is approximately \$7.4 million. The following is an overview of the costs compared to available resources:

Costs	
Commercial Apron Expansion 2021	\$3,011,046
Building Design & Construction	\$23,738,881
Total	\$26,749,927

Resources	
Total Federal Funding	\$19,325,419
State Infrastructure Bank Loan	\$5,000,000
Other Financial Resources	\$2,424,508
Total	\$26,749,927

The \$7.4 million is what the Airport needs a solution for, which can be accomplished through a variety of ways:

- Value engineering
- State Infrastructure Bank Loan up to \$5 million (currently being applied for)
- City provided capital contributions
- Future federal and state infrastructure funding (above what is needed to maintain current assets)
- Philanthropic resources (feasibility study underway)

The project assumes private sector opportunities to include the current design work and future construction of the new terminal. There will also be the ability for a P3 for the buildout of the concession spaces for both the airside and landside food and beverage areas. The site will also have the ability to support other private businesses including airlines, rental car agencies, ground support companies, and aviation service providers.



Direction: Staff was directed to continue work with the Cities on finding solutions on terminal funding gaps and possibly seeking a financial advisor to further investigate the “cost of money” as these alternatives for funding area pursued for future phases of the terminal. Staff was also directed to continue focus on air service development and other alternatives available, such as lobbying for FNL’s eligibility in the bipartisan transportation infrastructure bill.

Adjournment: Meeting adjourned at 6:09 p.m.

Items 6, 7, and 8: Meeting went over the scheduled end and these items were not addressed.

Respectfully Submitted,

Vice-Chair, Tom Fleming



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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

ITEM NUMBER: 2

MEETING DATE: August 19, 2021

PREPARED BY: Jason Licon, Airport Director

TITLE

Monthly Financial Reports for July 2021

RECOMMENDED AIRPORT COMMISSION ACTION

Accept the preliminary financial reports as presented.

BUDGET IMPACT

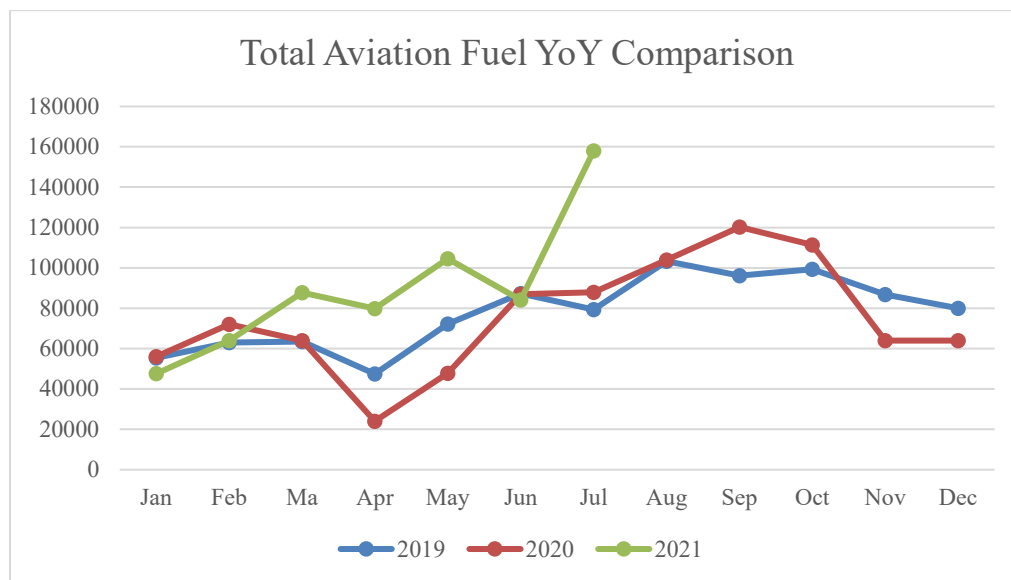
Neutral

SUMMARY

The Airport's finances continue to remain positive and on track with expense and revenue budgets through the first half of the year. The figures continue to reflect reductions in revenues as a result of COVID19 impacted Airport Business Assistance Program lease deferrals. These deferrals are impacting operational 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 business lease deferrals totaled \$89,390.43 for the period April 2020 – July 2021 with two companies still using the program. These amounts date back to April of 2020 and are reflected within the Hangar Rental and Land Lease revenue line items. Additional details will be provided during the Business Assistance Program agenda item.
- Staff is working to closeout the Terminal Apron design project, and collect the remaining \$85,000 from the 2020 FAA grant to apply toward expenditures from previous months.
- Aviation fuel prices continued upward in July from \$72 to \$73 per barrel.
- 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.
- Wholesale fuel volumes were up significantly last month. The FBO, jetCenter reported 157,946 gallons of fuel purchased for resale in July as compared to 87,878 in July of 2020 and 79,389 in July of 2019. This is a significant increase in

fuel sales activities that are attributed to hosting the USAF Thunderbirds, and being one of the only airports that had a steady supply of fuel available. **This is in thanks solely to the Fort Collins – Loveland JetCenter and their fuel supplier World Fuel, who both worked tirelessly to ensure fuel was available during the widespread aviation fuel shortage;** which was exacerbated by a construction project at the Aurora fuel depot and supply chain issue created by a lack of hazmat certified truck operators combined with fuel demands from other airports. See the chart below on the fuel sales from 2019 to today.



ATTACHMENT

Preliminary monthly financial statement for July 2021



NORTHERN COLORADO REGIONAL AIRPORT

Airport Statement of Revenues and Expenses From 01/01/2021 to 7/31/2021

PRELIMINARY

	Y-T-D 2021 Actual	Y-T-D 2020 Actual	Y-T-D 2021 Budget	2021 Total Budget	% of Total Budget
OPERATING REVENUES					
Hangar Rental	144,104	124,931	125,419	215,000	67%
FBO Rent	53,475	51,530	56,168	96,287	56%
Gas and Oil Commissions	95,636	53,858	96,250	165,000	58%
Aviation Fuel Tax Reimbursement	67,626	75,778	60,375	103,500	65%
Land Lease	212,884	187,680	175,000	300,000	71%
Land Lease PD Training Ctr	182,514	180,751	216,146	370,538	49%
Terminal Lease and Landing Fees	766	1,178	5,250	9,000	9%
Parking	330	2,335	5,831	10,000	3%
Miscellaneous	9,758	7,461	11,375	19,500	50%
TOTAL OPERATING REVENUES	767,092	685,503	751,814	1,288,825	60%
OPERATING EXPENSES					
Personal Services	384,080	383,340	425,508	734,737	52%
Supplies	43,589	41,036	49,588	85,000	51%
Purchased Services	207,258	302,481	378,098	648,149	32%
TOTAL OPERATING EXPENSES	634,927	726,857	853,194	1,467,886	43%
OPERATING GAIN (LOSS)	132,165	(41,354)	(101,380)	(179,061)	
NONOPERATING REVENUES (EXPENSES)					
Passenger Facility Charge	0	0	0	0	
Interest Income	16,321	31,008	29,169	50,000	33%
Capital Expenditures	(395,641)	(54,629)	(3,246,831)	(5,566,000)	7%
TOTAL NONOPERATING REVENUES (EXPENSES)	(379,320)	(23,620)	(3,217,662)	(5,516,000)	
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(247,155)	(64,974)	(3,319,042)	(5,695,061)	
Capital Contributions	53,370	409,334	3,784,088	6,487,000	1%
CHANGE IN NET POSITION	(193,785)	344,359	465,046	791,939	
NET POSITION, Beginning	16,591,600	17,180,973			
NET POSITION, Ending	16,397,815	17,525,332			
Investment in Capital Assets	13,627,748	14,657,231			
Net Position Available for use	2,770,067	2,868,101			



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: August 19, 2021

PREPARED BY: Aaron Ehle, Development & Planning Specialist

TITLE

Lease assignment and assumption for 5065 Grumman

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to approve the lease assignment and assumption as presented

BUDGET IMPACT

Neutral, the lease rates will remain unchanged

SUMMARY

This is an administrative item. The transfer of ownership of privately owned buildings is frequent on the Airport and requires the approval of the Airport Commission for a lease reassignment and assumption. In this case, the lease is requested to be transferred from the current owner Mountain Motorgliders, LLC. to Justin Cran. Mountain Motorgliders, LLC has been the sole occupant of this hangar since it was constructed in 1994, and the company will be purchasing the structure. Staff have reviewed the request and found the accounts to be in good standing.

LOCATION



ATTACHMENT

Lease Assignment and Assumption: Mountain Motorglider, LLC. to Justin Cran, 5065 Grumman Street.

ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

5065 Grumman Street
Loveland, Colorado 80538

WHEREAS, the Cities of Fort Collins and Loveland, Colorado (the “Cities”) acting by and through the Northern Colorado Regional Airport Commission (“NCRAC”) are the Lessors under that Lease Agreement dated November 1, 1994 as amended, a copy of which is attached hereto as **Attachment 1** and incorporated herein by this reference (the “Lease Agreement”) to Mountain Motorglider, LLC. as Lessee (“Assignor”) concerning that property at the Northern Colorado Regional Airport described in Exhibit A to the Lease Agreement (the “Leased Premises”); and

WHEREAS, the Cities are parties to an Amended and Restated Intergovernmental Agreement for the Joint Operation of the Northern Colorado Regional Airport signed on January 22, 2015 and paragraph 4.A. of said Agreement delegates to the NCRAC the authority to enter into lease agreements in a form generally approved by the Cities; and

WHEREAS, the form of this lease agreement has been previously generally approved by the Cities; and

WHEREAS, Commission Bylaws adopted on October 15, 2015 authorize the Commission Chair to sign such agreements on behalf of NCRAC; and

WHEREAS, Assignor desires to assign all of its lease rights and obligations for the Leased Premises, as well as all improvements located thereon, to Justin Cran, (“Assignee”); and

WHEREAS, Article 13 of the Lease Agreement permits this assignment under the conditions as set forth therein; and

WHEREAS, Assignee intends to benefit the Cities by promising to perform all terms and conditions of the Lease Agreement with respect to the Leased Premises as Lessee under the Lease Agreement.

NOW, THEREFORE, in consideration of the Cities’ approval, the mutual covenants and agreements expressed in the Lease Agreement, the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignor, by its signature below, hereby assigns all of its right, title and interest in and to the Lease Agreement and the Leased Premises, to Assignee as of August 19, 2021 (the “Effective Date”).

2. Assignee, by its signature below, hereby assumes and agrees to be bound by all obligations, responsibilities and terms of the Lease Agreement with respect to the Leased Premises and hereby becomes the Lessee of the Leased Premises under the Lease Agreement as of the Effective Date.

3. Assignee acknowledges and agrees that the annual rent payment for the Leased Premises under the Lease Agreement is **\$679.26 per year**, payable in monthly installments, which rental amount shall be adjusted on November 1, 2024 and on each fifth anniversary thereafter pursuant to Article 4 of the Lease Agreement.

4. Assignee submits to the Cities herewith, the proof of insurance as required in Articles 8 and 9 of the Lease Agreement, attached hereto as **Attachment 2** and incorporated herein by this reference.

5. Assignee submits to the Cities the following notice address pursuant to Article 23 of the Lease Agreement:

Justin Cran
2987 Nature Run
Loveland, CO 80537
Cran.justin@gmail.com


6. The Cities designate the NCRAC 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.

7. For purposes of this Agreement, there may be any number of counterparts, each of which shall be deemed as originals. Facsimile, scanned and other electronic signatures permitted by law, for purposes of this Agreement, shall be deemed as original signatures.

Dated this ____ day of _____, 20_____.

[end of page 2]

Assignee:
Justin Cran
2987 Nature Run
Loveland, CO 80537

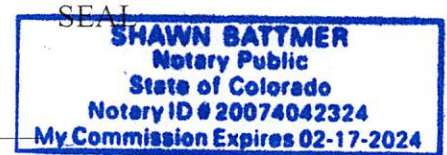
By: 
Justin Cran

State of Colorado)
)ss
County of Larimer)

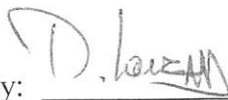
Subscribed and sworn to before me this 16th day of August, 2021 by
Justin Cran, as _____ of _____.

My commission expires 2/17/24.


Notary Public




Assignor:
Dennis Larson
Mountain Motorglider, LLC
2909 Terry Lake Rd
Fort Collins, CO 80524

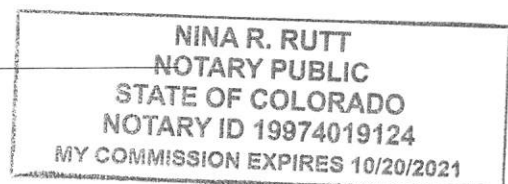
By: 
Dennis Larson, President

State of Colorado)
)ss
County of Larimer)

Subscribed and sworn to before me this 13th day of August, 2021 by
Dennis Larson, as President of Mountain Motorglider, LLC

My commission expires October 20, 2021.


Notary Public



The Northern Colorado Regional Airport Commission acting on behalf of the City of Loveland, Colorado and the City of Fort Collins, Colorado, hereby consents to the above-described assignment of all right, title, and interest as Lessee under the above-described Lease Agreement from Assignor to Assignee on the terms and conditions set forth above.

**Northern Colorado Regional Airport
Commission acting on behalf of the City of
Loveland, Colorado and the City of Fort Collins,
Colorado**

By: _____
Commission Chair

ATTEST:

Secretary

APPROVED AS TO FORM:

Assistant City Attorney

ATTACHMENT 1

(Lease Agreement, including all prior amendments and assignments)

ATTACHMENT 2

(Certificate of Insurance)



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: August 19, 2021
PREPARED BY: Aaron Ehle, Planning & Development Specialist

TITLE

New land lease agreements for existing hangar 5216 Cessna Drive

RECOMMENDED AIRPORT COMMISSION ACTION

Approve the new leases as presented

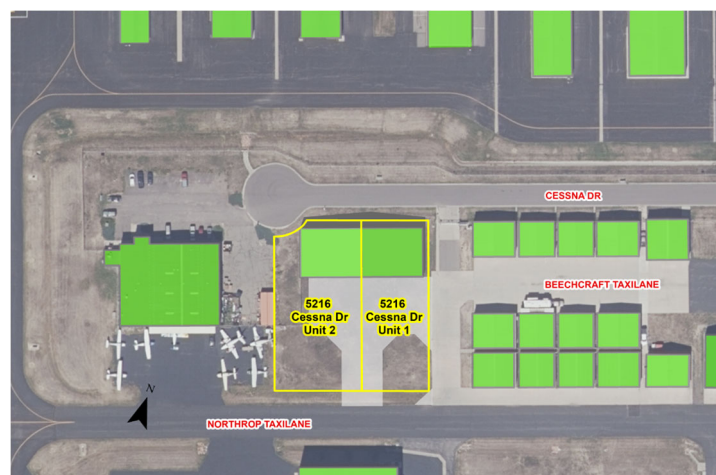
BUDGET IMPACT

Neutral, the lease rates will remain unchanged

SUMMARY

This is an administrative item. The transfer of ownership of privately-owned buildings is frequent on the Airport and requires the approval of the Airport Commission. This is usually done by a lease assignment and assumption agreement. In this situation, the hangar and associated lease area is being divided into two units and the existing lease will be replaced by two new lease agreements. The current owner of the building, Romeo Whiskey, LLC, will retain ownership of the eastern unit and Aspen Holdings, LLC will assume ownership of the western unit. The terms and conditions of the original lease agreement, dated November 1, 2018, will apply to both leases. Staff has reviewed the request and found the account to be in good standing.

LOCATION



ATTACHMENTS

New Lease Agreements: Romeo Whiskey, LLC. and Aspen Holdings for 5216 Cessna Drive
Resolution #R-09-2021

HANGAR GROUND LEASE AGREEMENT

5216 CESSNA DRIVE, UNIT 1

**CITIES OF LOVELAND AND FORT COLLINS,
COLORADO,**

acting by and through the

NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

AND

ROMEO WHISKEY, L.L.C., a Colorado limited liability company

DATED

AUGUST 19, 2021

TABLE OF CONTENTS

ARTICLE 1: TERM, OPTIONS AND RIGHT OF FIRST REFUSAL	1
ARTICLE 2: LEASED PREMISES	2
ARTICLE 3: USE OF LEASED PREMISES.....	2
ARTICLE 4: RENT	3
ARTICLE 5: ACCEPTANCE, CARE, MAINTENANCE, IMPROVEMENTS AND REPAIR	4
ARTICLE 6: ADDITIONAL OBLIGATIONS OF LESSEE.....	6
ARTICLE 7: INGRESS AND EGRESS	7
ARTICLE 8: INSURANCE, DAMAGE OR DESTRUCTION	8
ARTICLE 9: LIABILITIES AND INDEMNITIES	9
ARTICLE 10: LEASEHOLD MORTGAGES	10
ARTICLE 11: RULES AND REGULATIONS	11
ARTICLE 12: SIGNS	11
ARTICLE 13: ASSIGNMENT AND SUBLEASE	11
ARTICLE 14: CONDEMNATION.....	11
ARTICLE 15: NON-DISCRIMINATION	12
ARTICLE 16: GOVERNMENTAL REQUIREMENTS.....	13
ARTICLE 17: RIGHT OF ENTRY RESERVED	14
ARTICLE 18: TERMINATION.....	14
ARTICLE 19: SURRENDER AND RIGHT OF RE-ENTRY	16
ARTICLE 20: SERVICES TO LESSEE	17
ARTICLE 21: SURVIVAL OF THE OBLIGATIONS OF LESSEE	17
ARTICLE 22: USE SUBSEQUENT TO CANCELLATION OR TERMINATION.....	18
ARTICLE 23: NOTICES.....	18
ARTICLE 24: INVALID PROVISIONS	19
ARTICLE 25: MISCELLANEOUS PROVISIONS.....	19
ARTICLE 26: SUBORDINATION OF CLAUSES	21
ARTICLE 27: QUIET ENJOYMENT.....	21
ARTICLE 28: ENTIRE AGREEMENT.....	21
ARTICLE 29: TITLE TO IMPROVEMENTS UPON TERMINATION	22
ARTICLE 30: RIGHT OF FIRST REFUSAL.....	23
ARTICLE 31: REQUIREMENTS FOR CONDOMINIUMIZATION	23

EXHIBIT A, Description of Leased Premises

LEASE AGREEMENT

THIS HANGAR GROUND LEASE AGREEMENT, made and entered into this 19TH day of August, 2021, is by and between the Cities of Fort Collins and Loveland, Colorado (the "Cities") acting by and through the Northern Colorado Regional Airport Commission ("the Commission") and **Romeo Whiskey, L.L.C., a Colorado limited liability company**, 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 Lessee is the owner of a portion of a hangar building which has been constructed on real property owned and operated by 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 September 1, 2021, and expire at 11:59 p.m. on November 1, 2043, 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 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 or Lessee’s tenants. Lessee’s 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 maintain and use the Leased Premises as intended herein. This Agreement is expressly conditioned upon Lessee obtaining all such permits and approvals, and the failure of Lessee to obtain any such permits or approvals within eighteen (18) months of the commencement date set forth in Section 1.1, herein, 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.

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 agrees to pay to the Cities during the Initial Term an annual rent of \$0.425 per square foot for the 17,159.40 square feet of the Leased Premises including the building footprint, ramp, and area surrounding the building footprint, as set forth in Exhibit A, for a total of \$7,292.75 per year, prorated to \$2,430.92 for 2021, subject to adjustment pursuant to Section 4.2. 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. If the Cities and Lessee cannot agree upon the rental rates, the parties agree to submit to mediation before the Judicial Arbitrator Group of Denver, Colorado, or if it no longer exists a similar organization, to determine the rent to be paid by Lessee for the first year of the ensuing Extended Term; provided, however, that such rent shall never be lower than the rental which would be due by application of subsection (a), above. The parties will each pay fifty percent (50%) of the mediator cost.

4.2 Commencing on May 1st next occurring after the date of this Agreement, and on May 1st 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 1st, 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 Intentionally deleted.

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.

4.8 Lessee acknowledges that, substantially contemporaneously with the execution of this Agreement, the Cities are also executing a functionally equivalent Hangar Ground Lease Agreement with Aspen Holdings, Inc. for the premises referred to as 5216 Cessna Drive, Unit 2 ("Unit 2"). Although Lessee separately owns the structure which is referred to as 5216 Cessna Drive, Unit 1 ("Unit 1"), and Aspen Holdings, Inc. separately owns the structure which is referred to as Unit 2, together Unit 1 and Unit 2 are encompassed within a single exterior structure located at 5216 Cessna Drive. As a result, there may be instances where it would be administratively impractical or impossible for the Cities to separately differentiate and/or enforce Lessee's obligations under Sections 4.5 and 4.6 and those of Aspen Holdings, Inc. under the equivalent sections of its Hangar Ground Lease Agreement. In the event of any instance where the Cities reasonably deem this to be the case, the Cities shall be entitled to enforce against Lessee and Aspen Holdings, Inc., jointly and severally, those obligations arising under Lessee's obligations under Section 4.45 and 4.6 and those of Aspen Holdings, Inc. under the equivalent sections of its Hangar Ground Lease Agreement. Should the Cities do so, Lessee and Aspen Holdings, Inc. shall be free to pursue any claims they may have against each other as a result, including, without limitation, claims for contribution, reimbursement, and/or damages.

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 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 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 anytime 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

With a copy to: Loveland City Attorney's Office
500 E. Third Street
Loveland, CO 80537
and

To Lessee: Attn: Kenneth W. Wasserman
Company: Norton, Wasserman, Jones & Kelly, LLC
Address: 213 South Santa Fe
P.O. Box 2388
City, State and Zip Code: Salina, KS 67402
Email Address: kww@nwjklaw.com

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.

LESSOR:

NORTHERN COLORADO REGIONAL AIRPORT COMMISSION
ON BEHALF OF THE CITIES OF FORT COLLINS AND LOVELAND

Northern Colorado Regional Airport Commission

Date

ATTEST:

Secretary

APPROVED AS TO FORM:

Assistant City Attorney
for Northern Colorado Regional Airport Commission

LESSEE:

ROMEO WHISKY, LLC.
By: Tennet Wassman 8/13/21
Title: POA FOR ROBERT
WARMACK TRUSTEE
SOLE LLC MEMBER

EXHIBIT A

PROPERTY DESCRIPTION FOR EAST LEASE AREA

That portion of Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION, situate in the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M., to the City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the East line of the Northeast Quarter of said Section 33 as bearing South 00°31'31" East and with all bearings contained herein relative thereto:

Beginning at the Northeast corner of said Section 33; thence along said East line of the Northeast Quarter of said Section 33 South 00°31'31" East 930.98 feet; thence departing said East line of the Northeast Quarter of said Section 33 South 89°28'29" West 100.00 feet, more or less, to a point on the Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION; said point also being a point on the Southeasterly right-of-way line for Cessna Drive; thence along said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeasterly right-of-way line for Cessna Drive South 70°01'13" West 890.97 feet to the TRUE POINT OF BEGINNING; thence continuing along said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeasterly right-of-way line for Cessna Drive South 70°01'13" West 82.27 feet; thence departing said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION South 20°00'26" East 208.71 feet to a point on the Northeasterly right-of-way of Northrop Street; thence along said Northeasterly right-of-way of Northrop Street North 70°01'13" East 82.17 feet, more or less, to a point on the Southwesterly line of an existing Emergency Access and Drainage Easement; thence departing said Northeasterly right-of-way of Northrop Street and along said Southwesterly line of an existing Emergency Access and Drainage Easement North 19°58'47" West 208.71 feet, more or less, to a point on said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeasterly right-of-way line for Cessna Drive; said point being the TRUE POINT OF BEGINNING.

Containing 17,159.4 Square Feet (0.394 Acres), more or less, and being subject to all easements and/or rights-of-way now in use or of record.

EXHIBIT A

LAND LEASE EXHIBIT MAP

BEING A PARCEL OF LAND LOCATED ON LOT 1, BLOCK 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION, SITUATE IN THE NORTHEAST QUARTER OF SECTION 33, TOWNSHIP 6 NORTH, RANGE 68 WEST OF THE 6TH P.M., TO THE CITY OF LOVELAND, COUNTY OF LARIMER, STATE OF COLORADO

GENERAL NOTES:

1. This Land Lease Exhibit Map was prepared without the benefit of a Commitment For Title Insurance or Title Policy. No further easement and/or right of way research, other than may be shown on this Land Lease Exhibit Map, was requested by the client or performed by Intermill Land Surveying, Inc. for the preparation of this Land Lease Exhibit Map. Easements and/or rights-of-way, if shown on this Map, were taken from Final Plats, known information and information provided by others. The Property Description as shown on this Map was prepared by Intermill Land Surveying, Inc. on April 23, 2021.

2. Control Monumentation and External Boundary Monumentation as shown.

(Meas.): Indicates Measured Bearing and/or Distance from field survey.

(Calc.): Indicates Calculated Bearing and/or Distance.

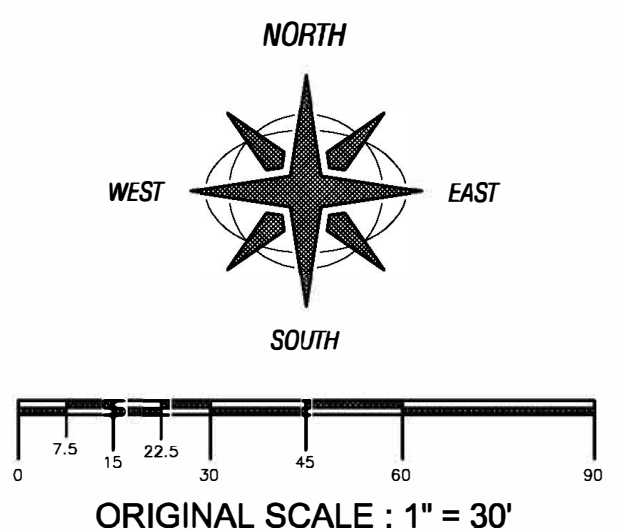
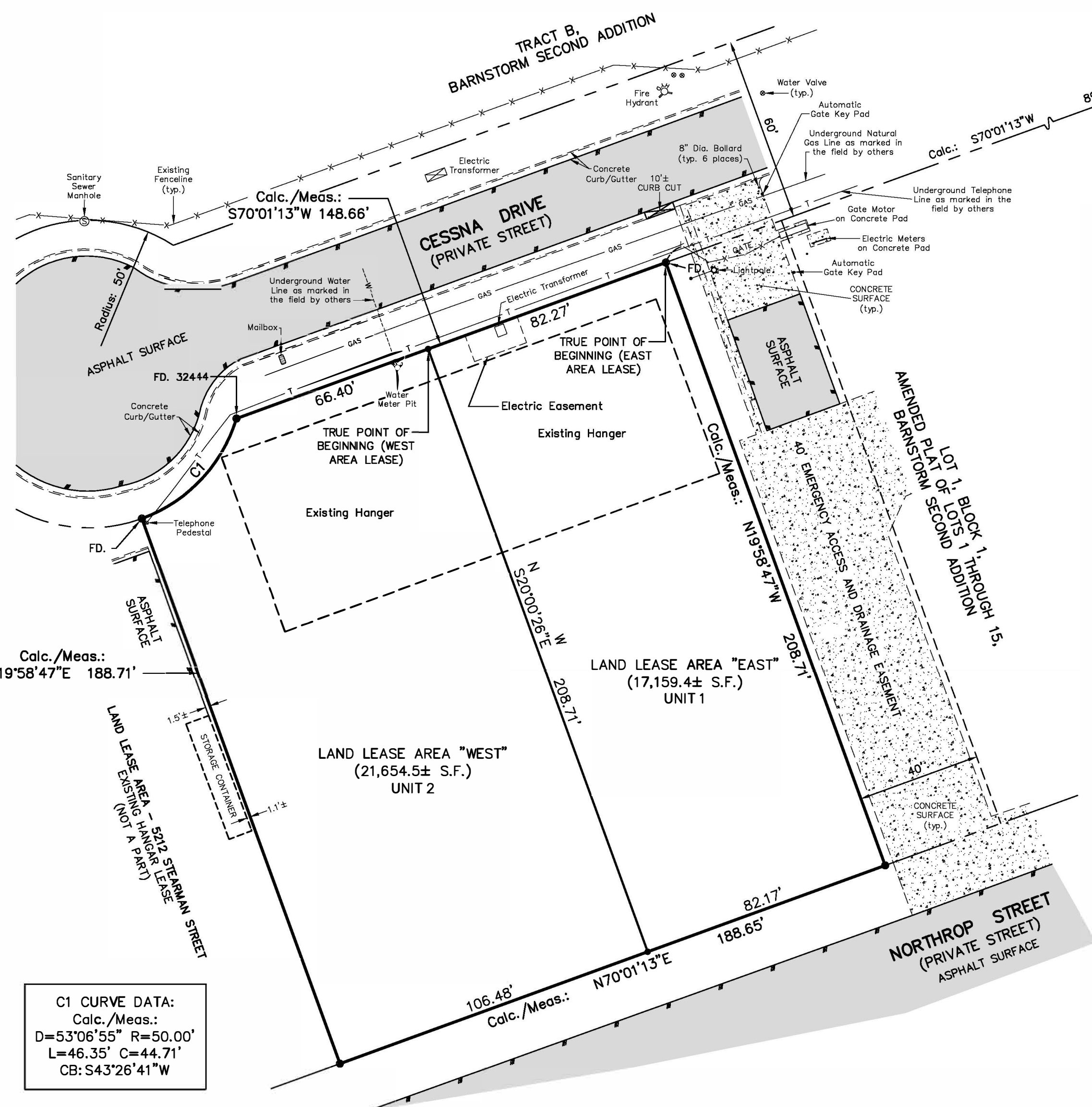
(PR): Indicates Calculated Pro-Rata Bearing and/or Distance.

Final Plat used for establishing Land Lease Area Boundary:

AMENDED PLAT OF LOTS 1 THROUGHT 15, BARNSTORM SECOND ADDITION to the City of Loveland, County of Larimer, State of Colorado as filed for record June 28, 2004 in the real property records of the Office of the Clerk and Recorder of Larimer County, Colorado at Reception No. 2004-0062364.

3. There are no buildings encroaching onto adjoining properties, easements and/or rights-of ways, except as may be shown on this Land Lease Exhibit Map.

4. Any utilities and/or evidence of utilities, if shown hereon, are based upon on-site observation and known information only. Underground utility locates, if shown on this Map, were obtained by the others and field located by Intermill Land Surveying, Inc. for the preparation of this Land Lease Exhibit Map.



STATEMENT OF LINEAR UNITS USED:
Linear Units Used for this survey - U.S. Survey Feet
Date of Initial Preparation: April 10, 2020

FD.: Indicates found No. 4 Rebar with 1" Dia. Blue Plastic Cap Marked LS 34174.

FD. 32444: Indicates Found No. 4 Rebar (length unknown) with 1" Dia. Yellow Plastic Cap Marked LS 32444.

BASIS OF BEARINGS STATEMENT: Basis of Bearings for this survey are based on the record bearing of North 00°31'31" West (S00°31'31"E) on the East line of the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M., Couty of Larimer, State of Colorado. Record bearing derived from the AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION to the City of Loveland, County of Larimer, State of Colorado. Record bearing derived from said AMENDED PLAT OF LOTS 1 THROUGHT 15, BARNSTORM SECOND ADDITION as filed for record June 28, 2004 in the real property records of the Office of the Clerk and Recorder of Larimer County, Colorado at Reception No. 2004-0062364. Note: Monumentation of said line as shown on Map.

According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

PROPERTY DESCRIPTION FOR THE WEST LEASE AREA:

That portion of Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION, situate in the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M., to the City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the East line of the Northeast Quarter of said Section 33 as bearing South 00°31'31" East and with all bearings contained herein relative thereto:

Beginning at the Northeast corner of said Section 33; thence along said East line of the Northeast Quarter of said Section 33 South 00°31'31" East 930.98 feet; thence departing said East line of the Northeast Quarter of said Section 33 South 89°28'29" West 100.00 feet, more or less, to a point on the Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION; said point also being a point on the Southeastly right-of-way line for Cessna Drive; thence along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 973.24 feet to the TRUE POINT OF BEGINNING; thence continuing along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 66.40 feet to the beginning of a non-tangent curve concave to the Northwest having a central angle of 53°06'55" and a radius of 50.00, the long chord of which bears South 43°26'41" West a distance of 44.71 feet; thence continuing along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive and Southwesterly along the arc of said curve 46.35 feet; thence departing said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 66.40 feet to the beginning of a non-tangent curve concave to the Northwest having a central angle of 53°06'55" and a radius of 50.00, the long chord of which bears South 43°26'41" West a distance of 44.71 feet; thence continuing along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive and Southwesterly along the arc of said curve 46.35 feet; thence departing said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeastly right-of-way line for Cessna Drive; said point being the TRUE POINT OF BEGINNING.

Containing 21,654.5 Square Feet (0.497 Acres), more or less, and being subject to all easements and/or rights-of-way now in use or of record.

NOTE: The Property Description, as shown above, was prepared by Intermill Land Surveying, Inc. on April 23, 2021.

PROPERTY DESCRIPTION FOR THE EAST LEASE AREA:

That portion of Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION, situate in the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M., to the City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the East line of the Northeast Quarter of said Section 33 as bearing South 00°31'31" East and with all bearings contained herein relative thereto:

Beginning at the Northeast corner of said Section 33; thence along said East line of the Northeast Quarter of said Section 33 South 00°31'31" East 930.98 feet; thence departing said East line of the Northeast Quarter of said Section 33 South 89°28'29" West 100.00 feet, more or less, to a point on the Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION; said point also being a point on the Southeastly right-of-way line for Cessna Drive; thence along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 890.97 feet to the TRUE POINT OF BEGINNING; thence continuing along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 82.27 feet; thence departing said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION South 20°00'26" East 208.71 feet to a point on the Northeastly right-of-way of Northrop Street; thence along said Northeastly right-of-way of Northrop Street North 70°01'13" East 82.17 feet, more or less, to a point on the Southwesterly line of an existing Emergency Access and Drainage Easement; thence departing said Northeastly right-of-way of Northrop Street and along said Southwesterly line of an existing Emergency Access and Drainage Easement North 19°58'47" West 208.71 feet, more or less, to a point on said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeastly right-of-way line for Cessna Drive; said point being the TRUE POINT OF BEGINNING.

Containing 17,159.4 Square Feet (0.394 Acres), more or less, and being subject to all easements and/or rights-of-way now in use or of record.

NOTE: The Property Description, as shown above, was prepared by Intermill Land Surveying, Inc. on April 23, 2021.

PREPARED BY AND ON BEHALF OF:

INTERMILL LAND SURVEYING, INC.
1301 North Cleveland Avenue
Loveland, Colorado 80537
P: (970) 669-0516

Steven John Stencel
Colorado PLS No. 30462
Date: April 23, 2021



PREPARED FOR:
ASPEN HOLDINGS, LLC
4101 EVANS ROAD - CHEYENNE, WY 82001

INTERMILL LAND SURVEYING, INC.

1301 NORTH CLEVELAND AVENUE LOVELAND, COLORADO 80537 BUS: (970)-669-0516 / FAX (970)-635-9775

LAND LEASE EXHIBIT MAP

PORT OF LOT 1, BLOCK 1, LOT 1-15, BARNSTORM 2ND ADD., LOVELAND, COLORADO

CLIENT: ASPEN HOLDINGS, INC.

DRAWN BY: SJS

CHECKED BY:

APPROVED BY:

DATE: 04-23-2021

SCALE: 1" = 30'

PROJECT NO.:

P-21-9097

SHEET

OF

1

1

CLIENT: ASPEN HOLDINGS, INC.
LEASE EXHIBIT MAP

HANGAR GROUND LEASE AGREEMENT

5216 CESSNA DRIVE, UNIT 2

CITIES OF LOVELAND AND FORT COLLINS,

COLORADO,

acting by and through the

NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

AND

ASPEN HOLDINGS, L.L.C., a Colorado limited liability company

DATED

August 19, 2021

TABLE OF CONTENTS

ARTICLE 1: TERM, OPTIONS AND RIGHT OF FIRST REFUSAL	1
ARTICLE 2: LEASED PREMISES	2
ARTICLE 3: USE OF LEASED PREMISES.....	2
ARTICLE 4: RENT	3
ARTICLE 5: ACCEPTANCE, CARE, MAINTENANCE, IMPROVEMENTS AND REPAIR	4
ARTICLE 6: ADDITIONAL OBLIGATIONS OF LESSEE.....	6
ARTICLE 7: INGRESS AND EGRESS	7
ARTICLE 8: INSURANCE, DAMAGE OR DESTRUCTION	8
ARTICLE 9: LIABILITIES AND INDEMNITIES	9
ARTICLE 10: LEASEHOLD MORTGAGES	10
ARTICLE 11: RULES AND REGULATIONS	11
ARTICLE 12: SIGNS	11
ARTICLE 13: ASSIGNMENT AND SUBLEASE.....	11
ARTICLE 14: CONDEMNATION	12
ARTICLE 15: NON-DISCRIMINATION	12
ARTICLE 16: GOVERNMENTAL REQUIREMENTS.....	13
ARTICLE 17: RIGHT OF ENTRY RESERVED	14
ARTICLE 18: TERMINATION.....	14
ARTICLE 19: SURRENDER AND RIGHT OF RE-ENTRY	16
ARTICLE 20: SERVICES TO LESSEE	17
ARTICLE 21: SURVIVAL OF THE OBLIGATIONS OF LESSEE.....	17
ARTICLE 22: USE SUBSEQUENT TO CANCELLATION OR TERMINATION	18
ARTICLE 23: NOTICES.....	18
ARTICLE 24: INVALID PROVISIONS	19
ARTICLE 25: MISCELLANEOUS PROVISIONS	19
ARTICLE 26: SUBORDINATION OF CLAUSES	20
ARTICLE 27: QUIET ENJOYMENT.....	21
ARTICLE 28: ENTIRE AGREEMENT.....	21
ARTICLE 29: TITLE TO IMPROVEMENTS UPON TERMINATION	21
ARTICLE 30: RIGHT OF FIRST REFUSAL.....	22
ARTICLE 31: REQUIREMENTS FOR CONDOMINIUMIZATION	23

EXHIBIT A, Description of Leased Premises

LEASE AGREEMENT

THIS HANGAR GROUND LEASE AGREEMENT, made and entered into this 19th day of August, 2021, is by and between the Cities of Fort Collins and Loveland, Colorado (the "Cities") acting by and through the Northern Colorado Regional Airport Commission ("the Commission") and **Aspen Holdings, L.L.C., a Colorado limited liability company**, 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 Lessee is the owner of a portion of a hangar building which has been constructed on real property owned and operated by 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 September 1, 2021, and expire at 11:59 p.m. on November 1, 2043, 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 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 or Lessee’s tenants. Lessee’s 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 maintain and use the Leased Premises as intended herein. This Agreement is expressly conditioned upon Lessee obtaining all such permits and approvals, and the failure of Lessee to obtain any such permits or approvals within eighteen (18) months of the commencement date set forth in Section 1.1, herein, 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.

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 agrees to pay to the Cities during the Initial Term an annual rent of \$0.425 per square foot for the 21,654.5 square feet of the Leased Premises including the building footprint, ramp, and area surrounding the building footprint, as set forth in Exhibit A, for a total of \$9,203.16 per year, prorated to \$3,067.72 for 2021, subject to adjustment pursuant to Section 4.2. 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. If the Cities and Lessee cannot agree upon the rental rates, the parties agree to submit to mediation before the Judicial Arbitrator Group of Denver, Colorado, or if it no longer exists a similar organization, to determine the rent to be paid by Lessee for the first year of the ensuing Extended Term; provided, however, that such rent shall never be lower than the rental which would be due by application of subsection (a), above. The parties will each pay fifty percent (50%) of the mediator cost.

4.2 Commencing on May 1st next occurring after the date of this Agreement, and on May 1st 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 1st, 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 Intentionally deleted.

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.

4.8 Lessee acknowledges that, substantially contemporaneously with the execution of this Agreement, the Cities are also executing a functionally equivalent Hangar Ground Lease Agreement with Aspen Holdings, Inc. for the premises referred to as 5216 Cessna Drive, Unit 2 ("Unit 2"). Although Lessee separately owns the structure which is referred to as 5216 Cessna Drive, Unit 1 ("Unit 1"), and Aspen Holdings, Inc. separately owns the structure which is referred to as Unit 2, together Unit 1 and Unit 2 are encompassed within a single exterior structure located at 5216 Cessna Drive. As a result, there may be instances where it would be administratively impractical or impossible for the Cities to separately differentiate and/or enforce Lessee's obligations under Sections 4.5 and 4.6 and those of Aspen Holdings, Inc. under the equivalent sections of its Hangar Ground Lease Agreement. In the event of any instance where the Cities reasonably deem this to be the case, the Cities shall be entitled to enforce against Lessee and Aspen Holdings, Inc., jointly and severally, those obligations arising under Lessee's obligations under Section 4.45 and 4.6 and those of Aspen Holdings, Inc. under the equivalent sections of its Hangar Ground Lease Agreement. Should the Cities do so, Lessee and Aspen Holdings, Inc. shall be free to pursue any claims they may have against each other as a result, including, without limitation, claims for contribution, reimbursement, and/or damages.

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 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 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 therefrom, 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 anytime 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

With a copy to: Loveland City Attorney's Office
500 E. Third Street
Loveland, CO 80537

and

To Lessee: Attn: Kevin W. Shields
Company Name: Trans Aero Limited
Address: 5235 Gulfstream Court
City, State and Zip Code: Loveland, CO 80538
Email Address: kshields@transaeroheli.com

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.

LESSOR:

NORTHERN COLORADO REGIONAL AIRPORT COMMISSION
ON BEHALF OF THE CITIES OF FORT COLLINS AND LOVELAND

Northern Colorado Regional Airport Commission

Date

ATTEST:

Secretary

APPROVED AS TO FORM:

Assistant City Attorney
for Northern Colorado Regional Airport Commission

LESSEE:

Aspen Holdings, Inc
By: [Signature] Date: 8/16/21
Title: Vice President

EXHIBIT A

PROPERTY DESCRIPTION FOR WEST LEASE AREA

That portion of Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION, situate in the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M., to the City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the East line of the Northeast Quarter of said Section 33 as bearing South 00°31'31" East and with all bearings contained herein relative thereto:

Beginning at the Northeast corner of said Section 33; thence along said East line of the Northeast Quarter of said Section 33 South 00°31'31" East 930.98 feet; thence departing said East line of the Northeast Quarter of said Section 33 South 89°28'29" West 100.00 feet, more or less, to a point on the Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION; said point also being a point on the Southeasterly right-of-way line for Cessna Drive; thence along said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeasterly right-of-way line for Cessna Drive South 70°01'13" West 973.24 feet to the TRUE POINT OF BEGINNING; thence continuing along said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeasterly right-of-way line for Cessna Drive South 70°01'13" West 66.40 feet to the beginning of a non-tangent curve concave to the Northwest having a central angle of 53°06'55" and a radius of 50.00, the long chord of which bears South 43°26'41" West a distance of 44.71 feet; thence continuing along said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeasterly right-of-way line for Cessna Drive and Southwesterly along the arc of said curve 46.35 feet; thence departing said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeasterly right-of-way line for Cessna Drive and said curve South 19°58'47" East 188.71 feet, more or less, to a point on the Northeasterly right-of-way of Northrop Street; thence along said Northeasterly right-of-way of Northrop Street North 70°01'13" East 106.48 feet; thence departing said Northeasterly right-of-way of Northrop Street North 20°00'26" West 208.71 feet, more or less, to a point on said Northwesternly line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeasterly right-of-way line for Cessna Drive; said point being the TRUE POINT OF BEGINNING.

Containing 21,654.5 Square Feet (0.497 Acres), more or less, and being subject to all easements and/or rights-of-way now in use or of record.

EXHIBIT A

LAND LEASE EXHIBIT MAP

BEING A PARCEL OF LAND LOCATED ON LOT 1, BLOCK 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION, SITUATE IN THE NORTHEAST QUARTER OF SECTION 33, TOWNSHIP 6 NORTH, RANGE 68 WEST OF THE 6TH P.M., TO THE CITY OF LOVELAND, COUNTY OF LARIMER, STATE OF COLORADO

GENERAL NOTES:

1. This Land Lease Exhibit Map was prepared without the benefit of a Commitment For Title Insurance or Title Policy. No further easement and/or right of way research, other than may be shown on this Land Lease Exhibit Map, was requested by the client or performed by Intermill Land Surveying, Inc. for the preparation of this Land Lease Exhibit Map. Easements and/or rights-of-way, if shown on this Map, were taken from Final Plats, known information and information provided by others. The Property Description as shown on this Map was prepared by Intermill Land Surveying, Inc. on April 23, 2021.

2. Control Monumentation and External Boundary Monumentation as shown.

(Meas.): Indicates Measured Bearing and/or Distance from field survey.

(Calc.): Indicates Calculated Bearing and/or Distance.

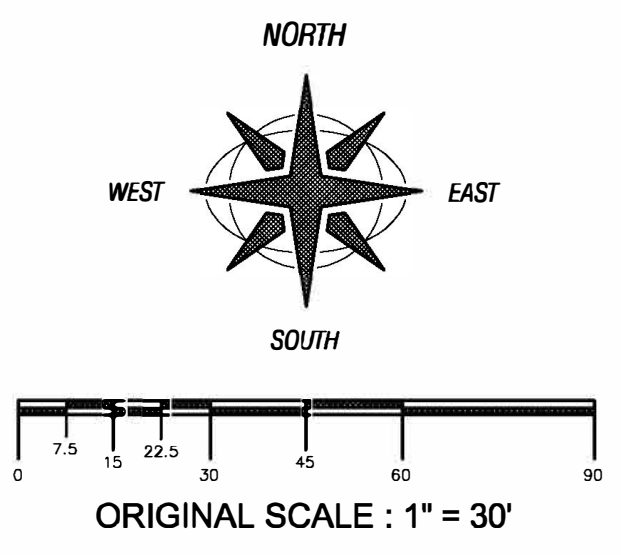
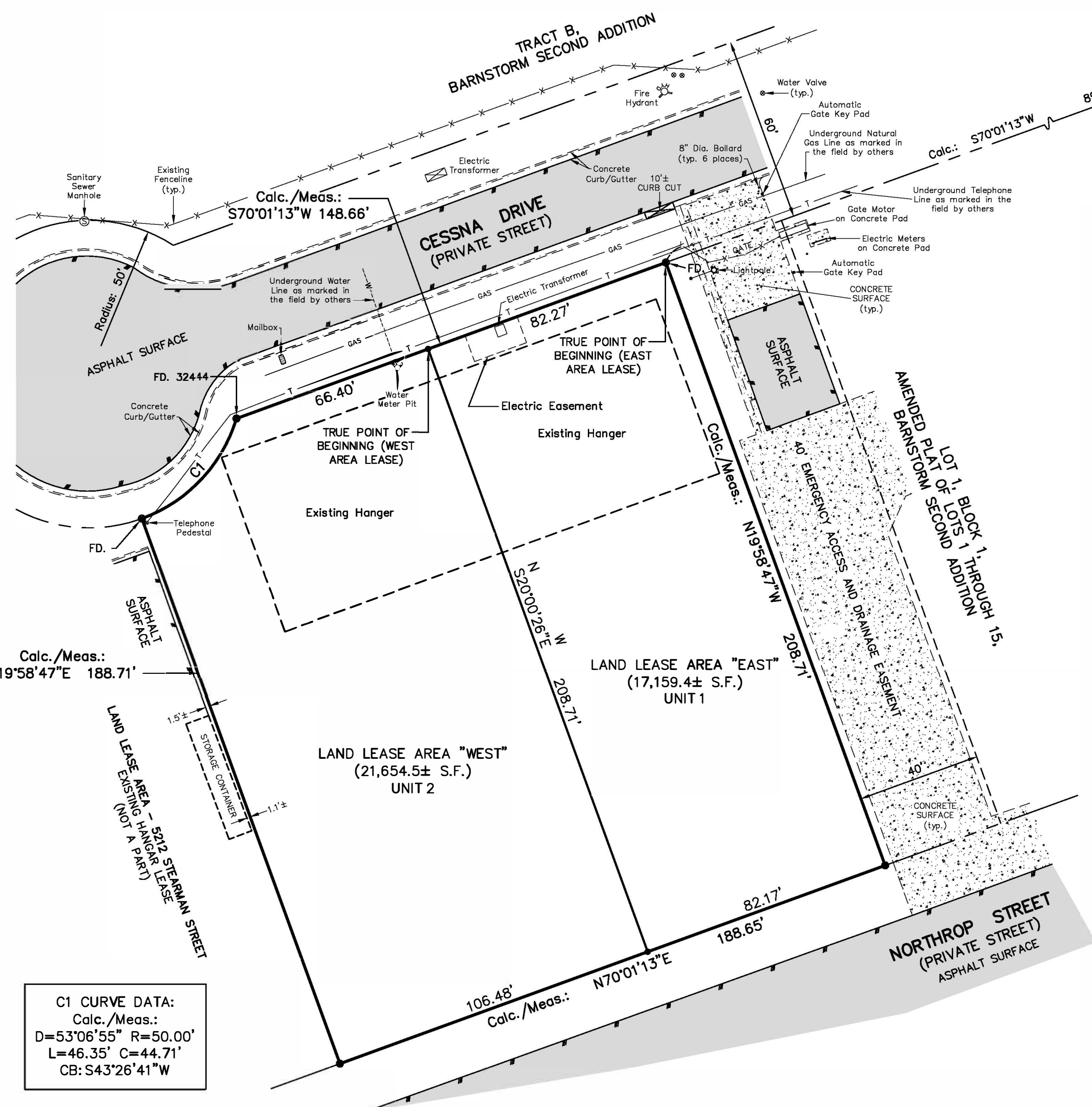
(PR): Indicates Calculated Pro-Rata Bearing and/or Distance.

Final Plat used for establishing Land Lease Area Boundary:

AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION to the City of Loveland, County of Larimer, State of Colorado as filed for record June 28, 2004 in the real property records of the Office of the Clerk and Recorder of Larimer County, Colorado at Reception No. 2004-0062364.

3. There are no buildings encroaching onto adjoining properties, easements and/or rights-of ways, except as may be shown on this Land Lease Exhibit Map.

4. Any utilities and/or evidence of utilities, if shown hereon, are based upon on-site observation and known information only. Underground utility locates, if shown on this Map, were obtained by the others and field located by Intermill Land Surveying, Inc. for the preparation of this Land Lease Exhibit Map.



STATEMENT OF LINEAR UNITS USED:
Linear Units Used for this survey - U.S. Survey Feet
Date of Initial Preparation: April 10, 2020

FD.: Indicates found No. 4 Rebar with 1" Dia. Blue Plastic Cap Marked LS 34174.

FD. 32444: Indicates Found No. 4 Rebar (length unknown) with 1" Dia. Yellow Plastic Cap Marked LS 32444.

BASIS OF BEARINGS STATEMENT: Basis of Bearings for this survey are based on the record bearing of North 00°31'31" West (S00°31'31"E) on the East line of the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M., Couty of Larimer, State of Colorado. Record bearing derived from the AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION to the City of Loveland, County of Larimer, State of Colorado. Record bearing derived from said AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION as filed for record June 28, 2004 in the real property records of the Office of the Clerk and Recorder of Larimer County, Colorado at Reception No. 2004-0062364. Note: Monumentation of said line as shown on Map.

According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

PROPERTY DESCRIPTION FOR THE WEST LEASE AREA:

That portion of Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION, situate in the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M., to the City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the East line of the Northeast Quarter of said Section 33 as bearing South 00°31'31" East and with all bearings contained herein relative thereto:

Beginning at the Northeast corner of said Section 33; thence along said East line of the Northeast Quarter of said Section 33 South 00°31'31" East 930.98 feet; thence departing said East line of the Northeast Quarter of said Section 33 South 89°28'29" West 100.00 feet, more or less, to a point on the Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION; said point also being a point on the Southeastly right-of-way line for Cessna Drive; thence along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 973.24 feet to the TRUE POINT OF BEGINNING; thence continuing along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 66.40 feet to the beginning of a non-tangent curve concave to the Northwest having a central angle of 53°06'55" and a radius of 50.00, the long chord of which bears South 43°26'41" West a distance of 44.71 feet; thence continuing along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive and Southwesterly along the arc of said curve 46.35 feet; thence departing said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 66.40 feet to the beginning of a non-tangent curve concave to the Northwest having a central angle of 53°06'55" and a radius of 50.00, the long chord of which bears South 43°26'41" West a distance of 44.71 feet; thence continuing along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive and Southwesterly along the arc of said curve 46.35 feet; thence departing said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeastly right-of-way line for Cessna Drive; said point being the TRUE POINT OF BEGINNING.

Containing 21,654.5 Square Feet (0.497 Acres), more or less, and being subject to all easements and/or rights-of-way now in use or of record.

NOTE: The Property Description, as shown above, was prepared by Intermill Land Surveying, Inc. on April 23, 2021.

PROPERTY DESCRIPTION FOR THE EAST LEASE AREA:

That portion of Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION, situate in the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M., to the City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the East line of the Northeast Quarter of said Section 33 as bearing South 00°31'31" East and with all bearings contained herein relative thereto:

Beginning at the Northeast corner of said Section 33; thence along said East line of the Northeast Quarter of said Section 33 South 00°31'31" East 930.98 feet; thence departing said East line of the Northeast Quarter of said Section 33 South 89°28'29" West 100.00 feet, more or less, to a point on the Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION; said point also being a point on the Southeastly right-of-way line for Cessna Drive; thence along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 890.97 feet to the TRUE POINT OF BEGINNING; thence continuing along said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and along said Southeastly right-of-way line for Cessna Drive South 70°01'13" West 82.27 feet; thence departing said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION South 20°00'26" East 208.71 feet to a point on the Northeastly right-of-way of Northrop Street; thence along said Northeastly right-of-way of Northrop Street North 70°01'13" East 82.17 feet, more or less, to a point on the Southwesterly line of an existing Emergency Access and Drainage Easement; thence departing said Northeastly right-of-way of Northrop Street and along said Southwesterly line of an existing Emergency Access and Drainage Easement North 19°58'47" West 208.71 feet, more or less, to a point on said Northwestern line of said Lot 1, Block 1, AMENDED PLAT OF LOTS 1 THROUGH 15, BARNSTORM SECOND ADDITION and said Southeastly right-of-way line for Cessna Drive; said point being the TRUE POINT OF BEGINNING.

Containing 17,159.4 Square Feet (0.394 Acres), more or less, and being subject to all easements and/or rights-of-way now in use or of record.

NOTE: The Property Description, as shown above, was prepared by Intermill Land Surveying, Inc. on April 23, 2021.

PREPARED BY AND ON BEHALF OF:

INTERMILL LAND SURVEYING, INC.
1301 North Cleveland Avenue
Loveland, Colorado 80537
P: (970) 669-0516

Steven John Stencel
Colorado PLS No. 30462

Date: April 23, 2021



PREPARED FOR:
ASPEN HOLDINGS, LLC
4101 EVANS ROAD - CHEYENNE, WY 82001

INTERMILL LAND SURVEYING, INC.

1301 NORTH CLEVELAND AVENUE LOVELAND, COLORADO 80537 BUS: (970)-669-0516 / FAX (970)-635-9775

LAND LEASE EXHIBIT MAP

PORT OF LOT 1, BLOCK 1, LOT 1-15, BARNSTORM 2ND ADD., LOVELAND, COLORADO

CLIENT:

ASPEN HOLDINGS, INC.

DRAWN BY: SJS

CHECKED BY:

APPROVED BY:

DATE: 04-23-2021

SCALE: 1" = 30'

PROJECT NO.:

P-21-9097

SHEET OF

1 1

CLIENT: ASPEN HOLDINGS, INC.
LEASE EXHIBIT MAP

RESOLUTION #R-09-2021

A RESOLUTION APPROVING TWO LEASE AGREEMENTS WITH ASPEN HOLDINGS, L.L.C. AND ROMEO WHISKEY, L.L.C. FOR HANGAR UNITS AT 5216 CESSNA DRIVE

WHEREAS, the Northern Colorado Regional Airport Commission (“Commission”) was established by the City of Loveland (“Loveland”) and the City of Fort Collins (“Fort Collins”) pursuant to that certain Amended and Restated Intergovernmental Agreement for the Joint Operation of the Fort Collins-Loveland Municipal Airport dated January 22, 2015 (“2015 IGA”), to effectuate changes to the governance structure and pursue development of the Fort Collins-Loveland Airport (now known as the Northern Colorado Regional Airport) as a regional airport. The IGA was amended in 2016 and 2019; and

WHEREAS, the Commission was granted authority under the IGA to enter into leases of Airport property for no longer than 50 years pursuant to a lease agreement in a form approved by Loveland and Fort Collins. Such standard lease forms include a short-term hangar lease and a hangar ground lease agreement; and

WHEREAS, the hangar units located at 5216 Cessna Drive are currently owned by Romeo Whiskey, L.L.C (“Romeo”), who has entered into a contract to sell one of the units to Aspen Holdings, L.L.C. (“Aspen”). Aspen and Romeo will each enter into a new lease with the Cities using the Cities’ standard approved ground lease form for its unit within the hangar building; and

WHEREAS, the Commission finds that the proposed leases comply with the Cities’ standard lease form, the Airport’s Master Plan and the Strategic Plan, and that approval of the lease is in the best interests of the Airport, the Cities and their citizens.

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

Section 1. That the hangar ground lease agreements with Aspen Holdings, L.L.C. and Romeo Whiskey, L.L.C. are hereby approved and the Commission Chair is authorized to execute such lease agreements.

Section 2. That this Resolution shall be effective as of the date and time of its adoption.

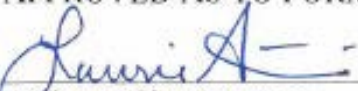
ADOPTED this 19th day of August, 2021.

Don Overcash, Chair of the
Northern Colorado Regional Airport Commission

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

DATE: August 9, 2021
TO: Northern Colorado Regional Airport Commission
FROM: Jason R. Licon, Airport Director
RE: Airport Monthly Report

Avelo Airlines Announcement



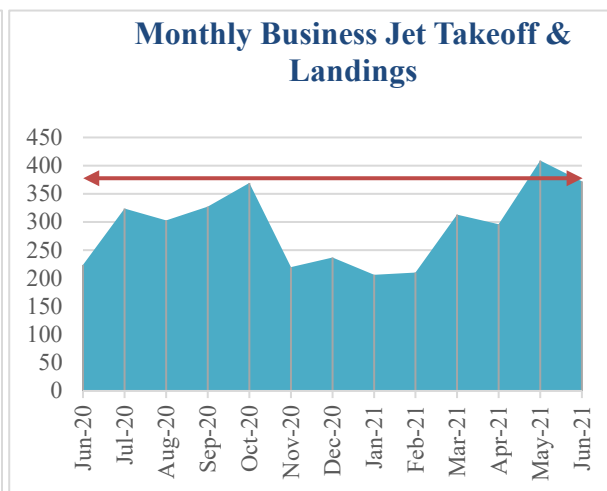
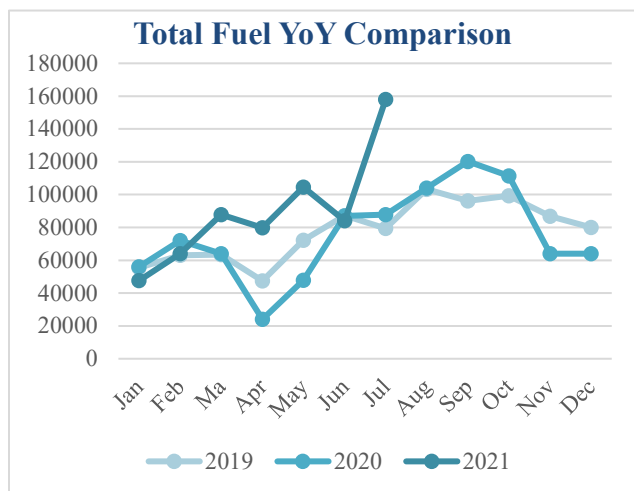
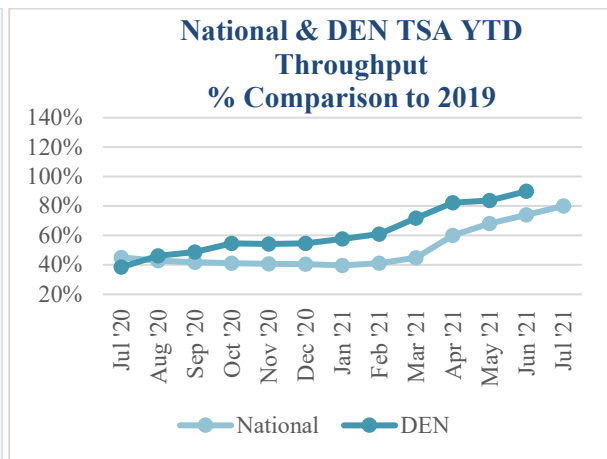
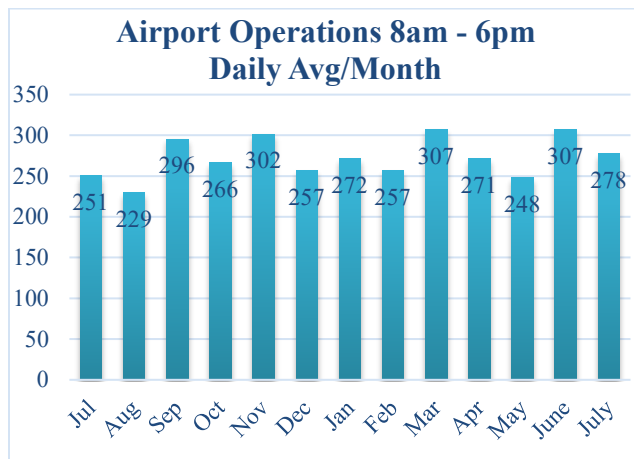
Beginning October 6, Avelo Airlines will offer flights twice weekly to Burbank, CA. The Los Angeles area is one of the top destinations to and from Northern Colorado. Staff is continuing to work on negotiation of the contract with the airline, which will be discussed at the Airport Commission meeting on August 19. We are excited to bring this service to our region which focuses on affordability and flights targeting regional airports like ours. This is a partnership we hope to see grow and succeed for many years into the future, and support the airline terminal currently in design. Attached are numerous news articles that highlight the new service from Avelo.

July Airport Activity Dashboard

The Air traffic control tower reported a daily average of 278 flight operations per day in July, which is near the twelve-month average of 273. National airline passenger throughput further increased, total numbers increased to 80% compared to July 2019. The percentage of airline travel is still mostly reflecting leisure travel activities, with business travel still depressed compared to pre-pandemic levels.

Route Map





Denver International Airport is still exceeding the national average through June, with passenger counts increasing by 90% when compared to 2019 levels. July wholesale fuel orders increased by 44% as compared to 2020's numbers. Fuel sold by the FBO for July was 157,946 gallons. Business jet activity for the month of June (as this FAA data lags one month) compared to the same month last year increased by 13%.

Legislative Report – Focus on the Federal Infrastructure Bill

After weeks of negotiations, a bipartisan group of Senators released the final legislative text of a \$1.2 trillion infrastructure package that includes \$25 billion for aviation/ airports. Within this amount the funding is broken down into multiple buckets including \$15 billion for airport infrastructure grants, \$5 billion for a new “airport terminal program,” and \$5 billion for FAA Facilities and Equipment. Funding would be distributed evenly over a five-year period, and airport grants in the first two categories would require a local match.

As much of this funding will be allocated to larger commercial airports, there is provisions for how our airport will be allocated funding. One of the positive factors for FNL is that enplanements from 2019 will be used to distribute the funding. Even though our airport did not have scheduled air carrier services in 2019, staff has been diligent to find every charter passenger and ensure that they were counted. A total of 3,023 outbound passengers (enplanements) traveled from FNL in 2019, which was past the critical 2,500 threshold keeping the airport classified as a “commercial service non-primary airport”. What this means is FNL will be considered above all other general aviation airports for these funding resources for 2022 & 2023. The following is additional details on what was included in the infrastructure bill that was passed in the Senate, with areas highlighted that would pertain to our airport specifically:

Airport Infrastructure Funding: The infrastructure bill includes \$15 billion in formula funding for airport infrastructure grants with \$3 billion to be distributed annually. Unlike traditional AIP dollars, airports would have flexibility to use these federal funds for terminals and other PFC-eligible projects except debt service.

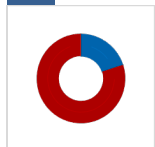
- **Primary Airports:** Of the \$15 billion available for airport infrastructure grants, \$12.4 billion would be reserved for primary commercial service airports – or \$2.48 billion annually for five years. Unlike the regular AIP program, airports would be allowed to use these federal funds for terminals and other PFC-eligible projects except debt service. **This leaves \$2.5 billion for other airports that are not classified as a commercial primary airport.**
- Like the recent coronavirus relief bills, any remaining funds in this category would be distributed to airports based on enplanements. The infrastructure package calls for the **FAA to use enplanements in calendar year 2019 to determine this portion of funding in Fiscal Years 2022 and 2023 – a move that would exclude irregular passenger numbers in CY20 and CY21.** Funding in fiscal years 2024, 2025, and 2026 would be based on “the most recent calendar year.”
 - a. **New Airport Terminal Program:** The bill would provide \$5 billion over five years or \$1 billion annually for a new “airport terminal program.” The Department of Transportation would be allowed to distribute these funds through a competitive grant program with funding broken down by hub size. **Ten percent (10%) of this will be set aside for smaller primary and nonprimary airports.**
 - b. **FAA Facilities and Equipment:** The remaining \$5 billion would go toward FAA Facilities and Equipment. At least \$200 million of that amount would be reserved for airports that participate in the FAA Contract Tower Program to upgrade aging FAA-owned ATC facilities.
 - c. **Contract Tower Airports:** Contract tower airports are slated to receive \$300 million in dedicated funding for tower construction and equipment. That includes \$100 million from funding for airport infrastructure grants and \$200 million from FAA Facilities and Equipment account.

StratOp Progress Report

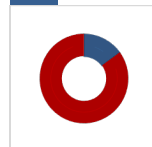
The StratOp Mission and Vision statement approval has been in a holding pattern for over two months due to delays from higher priority items in the last two Commission meetings. It is

anticipated that this StratOp plan with updated Vision and Mission statements will be approved and adopted by the Commission at its' August meeting. Additionally, the Planning & Development Subcommittee of the Airport Commission (PDSC) has on its August meeting agenda an item that will begin to develop a work plan for the remainder of 2021 and for 2022. Since there currently is the StratOp and the previous Strategic Plan, the PDSC and staff feel it is critical to combine and prioritize these focus areas and identify resources that are currently lacking in the form of funding and/or staff support.

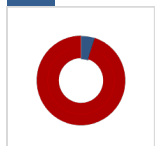
1. Terminal Funding
20% Complete



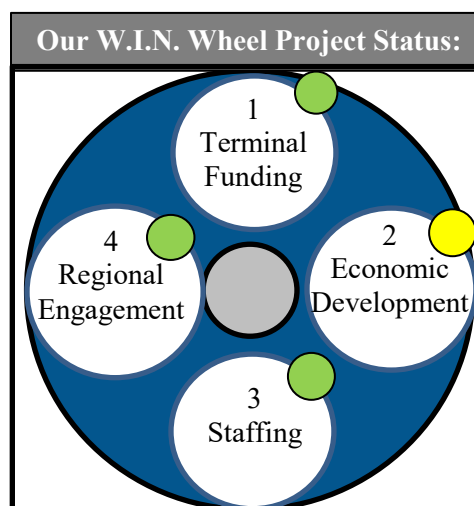
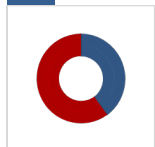
4. Regional Engagement
15% Complete



2. Economic Development
5% Complete



3. Staffing
40% 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

Phase 1 testing is still on target to begin August 17. Some concerns by the project manager have been made since the COVID rates have increased in Larimer County and are now in the orange level based on the Harvard Global Health Institute standards. However, planning will continue until the FAA NextGen team and Headquarter subject matter experts (SME) say otherwise. Phase 1 testing is targeted for completion by September 16 with a six-month delay until Phase 2 testing may begin. That puts the schedule at Spring of 2022. Attempts are being made to meet safety requirements while improving the timeline, as current projections put the certification with Phase 3 taking an additional 2-3 years.

This item has changed since it was first drafted-the Remote Tower testing has been cancelled for the first two-week session at this time (8-16-21) due to the recent elevated COVID outbreak. Bill Payne and Airport Staff are working with the FAA to see if there is the potential to utilize local Subject Matter Experts and FAA officials to help the issue of having to bring in outside personnel from FAA Headquarters in Washington for this first phase.

Apron Expansion & Taxiway Project

Construction work for the Apron Expansion project officially kicked off on July 12th. The FAA completed the safety risk management panel for moving the Mobile Air Traffic Control Tower on July 15 and 16 and scheduled it for the move early in August. Coordination on project taxiway closures to avoid the testing of the remote tower have been completed and is expected during the second week in August and the third week in September. The project continues to make good progress and is on track with budgets and schedule.

The Great Colorado Air Show

Planning continues for the air show with a great emphasis on the critical items including traffic control and event capacity and layouts. Next Phase Engineering has been retained by the Cities to create a more detailed transportation plan focused on traffic control, enforcement, and messaging. A planning charrette was conducted in late June to kick off this multi-agency collaboration. During the event, the Airport will continue to provide access and support for its based businesses. One new entrant is the recently announced Avelo Airlines service, which will be operating the morning of the Saturday airshow day. Special consideration is being made to keep all on-airport businesses operational within reasonable safety and security capabilities. Adjacent businesses are also going to be impacted, and staff will be working to implement recommendations from the airshow transportation plan to inform and work with these companies to help minimize impact and enhance safety. The transportation plan is expected to be completed in mid to late August. Also, staff is working with Airshow Network to provide two complimentary tickets to those on-airport tenants inconvenienced by the event valid for the Sunday show.

Attachments

1. Avelo Airlines Press Release & News Articles
2. WEPA Remote Tower Project Manager Report for July
3. 7-29-21 PDSC Draft Minutes
4. Legislative Text Released on Bipartisan Infrastructure Bill from the American Association for Airport Executives (AAAE)



Avelo Airlines Announces New Nonstop Service Between Fort Collins-Loveland and Los Angeles

One-way fares start at \$49

FORT COLLINS and LOVELAND, Colo., July 29, 2021 — [Avelo Airlines](https://www.aveloair.com), inspiring travel through everyday low fares, is expanding into Northern Colorado with the only nonstop service connecting Fort Collins-Loveland to Los Angeles.

Starting October 6, Avelo will connect Northern Colorado Regional Airport (FNL) and LA's most convenient and popular airport — Hollywood Burbank Airport (BUR) — two times per week. One-way fares starting at \$49* can be booked at [aveloair.com](https://www.aveloair.com).

"We are excited to bring Northern Colorado more choice and greater convenience in air travel, as well as the Avelo Soul of Service," said Avelo Chairman and CEO Andrew Levy. "With this exclusive nonstop service to Los Angeles, Fort Collins and Loveland now have direct access to the best of Southern California through the region's most convenient airport. LA has never been easier or more affordable to reach."

Situated in the heart of Southern California, BUR is surrounded by LA's world-famous beaches, dining, entertainment, shopping and sun-soaked outdoor recreation. Whether Customers are departing or arriving, BUR offers a refreshingly convenient and hassle-free experience. Named the 2019 "Best U.S. Airport" by Fodor's Travel, BUR features include seamless curbside pickup and drop-off, smaller crowds, unrivaled speed for plane-to-carousel bag delivery, faster TSA security lines, and short walking distances between the terminal and ground transportation, parking and rental cars (instead of the time-consuming shuttles and trains necessary at larger airports). All of this makes BUR the ultra-convenient, stress-free gateway to LA.

"Los Angeles has started its comeback, and we are inviting visitors to safely and responsibly start their comeback to LA," said Los Angeles Tourism & Convention Board Chief Marketing Officer Don Skeoch. "Avelo's new service coincides with our national advertising campaign, and we hope visitors from our important feeder markets – newly serviced by Avelo – will find it even easier to experience all LA has to offer."

The route will be served by 189-seat Boeing 737-800 aircraft, one of the most fuel-efficient commercial aircraft in the world, providing Customers with a large, comfortable cabin with more room, more seats and more seating options than the regional aircraft typically

serving the airports in Avelo's network. Avelo aircraft feature 60 seats with up to 9 inches of extra legroom starting at \$11.

"We know travelers are looking for affordable, convenient travel options and Avelo has shown a commitment to partner with smaller, more convenient airports like ours to make that happen. We are committed to bringing affordable and innovative commercial flights through our region, especially those in high demand markets like the Greater Los Angeles area," said FNL Director Jason Licon.

City Pair	Flight	Departs	Arrives	Frequency
FNL-BUR	XP132	11:15 a.m.	12:40 p.m.	Wednesdays, Saturdays
BUR-FNL	XP131	7:10 a.m.	10:35 a.m.	Wednesdays, Saturdays

Flight times based on local times.

About Avelo Airlines

Avelo Airlines was founded with a simple purpose — to Inspire Travel. The airline offers Customers time- and money-saving convenience, surprisingly low everyday fares, and a refreshingly smooth and caring experience through its Avelo Soul of Service culture. Operating a fleet of Boeing Next Generation 737 aircraft, Avelo serves 12 destinations across the Western U.S., including its base at Los Angeles' Hollywood Burbank Airport (BUR). Later this year, Avelo will begin service to and from its first East Coast base — New Haven Airport (HVN) — serving the Southern Connecticut region. For more information visit aveloair.com.

About Northern Colorado Regional Airport (FNL)

The Northern Colorado Regional Airport (FNL) is known for its commitment to innovation and serves as the premier destination for aviation centered business, research, development, education and training. Northern Colorado Regional Airport is one of the few commercial service airports in the state of Colorado that is also home to the innovative Remote Air Traffic Control Tower project. As part of our innovation we're working on a new airline terminal experience arriving in 2024. Book flights using FNL and find directions to the airport at Fly-FNL.com. The airport is conveniently located adjacent to I-25 and US Hwy 34 at 4825 Earhart Road, Loveland, CO 80538.

Media Contacts

Avelo

Crafted Communications
aveloair@craftedpr.com

FNL

Jason Licon and Nicole Yost, Northern Colorado Regional Airport
Airport@cityofloveland.org

*The one-way \$49 fare includes government taxes and fees. The fare is available on a limited number of seats and must be purchased for flights completed by October 19, 2021. Additional fees for carry-on and checked bags, assigned seats and other optional services apply. For full terms and conditions see Avelo's [Contract of Carriage](#).

Coloradoan.

NEWS

New low-cost air carrier plans service from Northern Colorado Regional Airport to LA

Pat Ferrier Fort Collins Coloradoan

Published 7:30 a.m. MT Jul. 29, 2021

A new low-cost air carrier is coming to Northern Colorado Regional Airport with nonstop service to Los Angeles.

Beginning tentatively on Oct. 6, Avelo Airlines will begin direct flights to Hollywood Burbank Airport twice a week.

"We are excited to bring Northern Colorado more choice and greater convenience in air travel," Avelo Chairman and CEO Andrew Levy said in a news statement.

"Fort Collins and Loveland now have direct access to the best of Southern California through the region's most convenient airport," Levy said. "LA has never been easier or more affordable to reach."

More: Delta allows free basic economy ticket changes as travelers struggle to reach agents

The route will be served by a 189-seat Boeing 737-800 aircraft. Flights to LA will be Wednesdays and Saturdays, leaving Fort Collins at 11:15 a.m. and arriving in Los Angeles at 12:40. Return trips from Burbank will leave at 7:10 a.m. Wednesdays and Saturdays, arriving in Fort Collins at 10:35 a.m.

"We know travelers are looking for affordable, convenient travel options and Avelo has shown a commitment to partner with smaller, more convenient airports like ours to make that happen," Northern Colorado Regional Airport Director Jason Licon said.

"We've been following Avelo's progress since they went out for venture capital" last year, Licon said.

More: Fort Collins company hitches ride into space in the ears of Jeff Bezos

The Los Angeles region is a top destination for travelers coming to and from Northern Colorado, Licon said. "We're really excited Avelo's first flights are to the top market."

Avelo made its first flight under its own name April 28. It serves 12 destinations across the Western U.S., including its base at Hollywood Burbank Airport. Airport officials are hopeful Avelo will expand its routes from Northern Colorado if the LA route is successful, Licon said.

"They are acquiring aircraft and putting them in to service," he said. "At this point, their operations are dictated" by available aircraft. "As they add capacity to the fleet, this airport will be well positioned if ticket sales and use is great enough for them to consider adding service."

Avelo bought the operating certificate from XTRA Airways, which provided charter service from Northern Colorado and flew the same aircraft that Avelo will be bringing to Northern Colorado, Licon said.

Avelo will use one of the four ticket counters already inside the airport terminal and the Transportation Security Administration will increase its presence.

The announcement comes just months after United Airlines began wingless flights that take passengers by bus from Northern Colorado to DIA to connect with United's other flights.

The airport, owned by the cities of Fort Collins and Loveland, has been without regularly scheduled commercial service since 2017, when Elite Airways suspended flights after just a couple of years.

Allegiant Airlines had promised to bring back commercial flights to Las Vegas in 2019, but plans never materialized when the FAA delayed testing of the airport's remote air traffic control tower followed by the COVID-19 pandemic.

How to fly Avelo out of Northern Colorado Regional Airport

One-way introductory fares start at \$49 and can be booked at aveloair.com. The introductory fares are available for a short window on a limited number of seats and must be purchased for flights completed by Oct. 19.

Avelo charges additional fees for carry-on and checked bags, assigned seats and other optional services.

[Home](#) > [News](#) > [Airline](#) > Avelo Air Adds Four Unique Routes From Burbank

Avelo Air Adds Four Unique Routes From Burbank

Ben Schlappig | July 28, 2021 |  12

avelo

Avelo Airlines is the startup that launched operations out of its Burbank base in April 2021 (the airline also plans to open a New Haven base in the coming months). It's the second newest airline in the United States, after Breeze Airways. Well, the airline has just announced four new routes, which sure are interesting...

In this post:

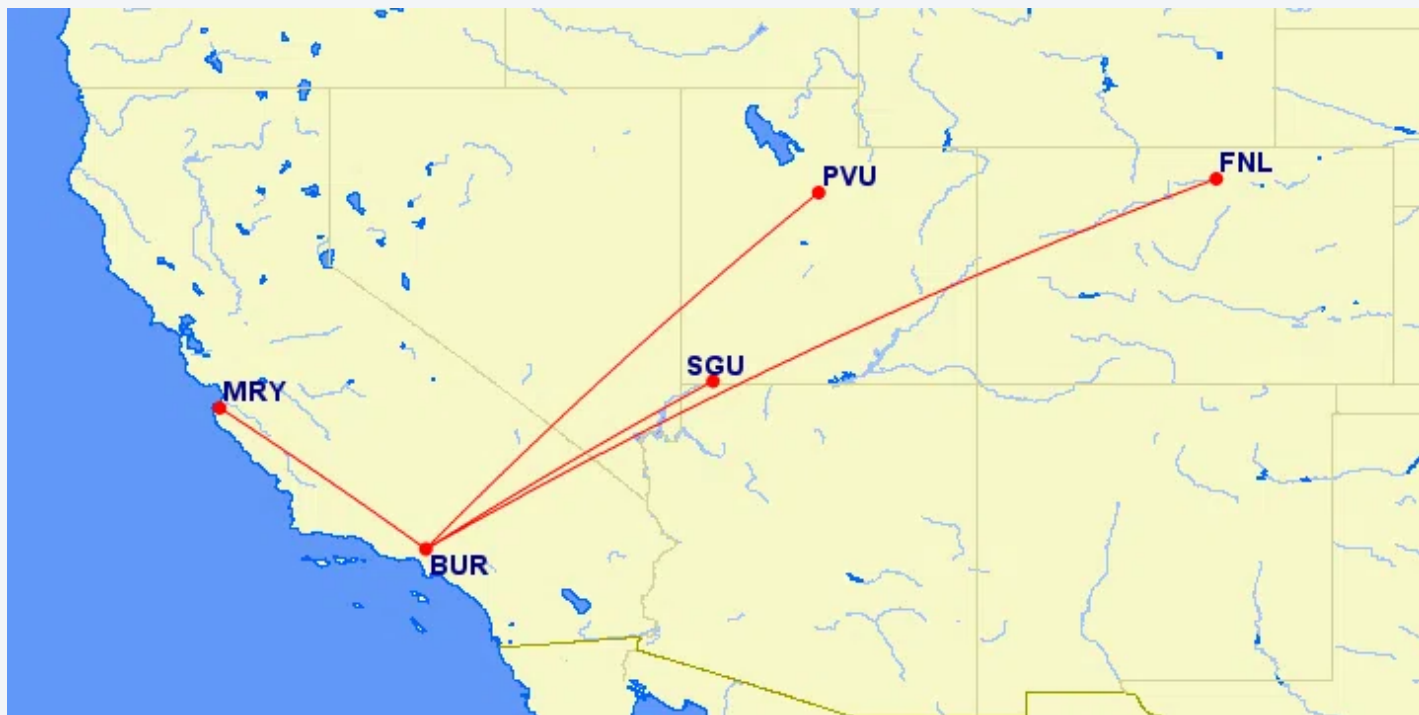
- Avelo's Burbank expansion
- I don't know what to make of Avelo's growth
- Bottom line

Avelo's Burbank expansion

Avelo Airlines has revealed that it will launch four new routes from Hollywood Burbank Airport (BUR), all with 189-seat Boeing 737-800s. The airline will fly:

- 2x weekly to Fort Collins, Colorado (FNL) starting October 6, 2021
- 2x weekly to Monterey, California (MRY) starting September 30, 2021

- 2x weekly to Provo, Utah (PVU) starting September 17, 2021
- 2x weekly to St. George, Utah (SGU) starting September 17, 2021



For some further context on these routes:

- Avelo Airlines will be the only airline to fly to Fort Collins
- Avelo Airlines will be competing with JSX on the Burbank to Monterey route, but the airlines are going after different kinds of consumers
- Avelo Airlines will be the second airline to fly to Provo, after Allegiant, which operates about a half dozen routes from there with limited frequencies
- Avelo Airlines will join the regional carriers of American, Delta, and United, in serving St. George, though none fly to the Los Angeles area from there



Avelo is launching more routes from Burbank

I don't know what to make of Avelo's growth

Usually I have an opinion (often wrong) about a carrier's strategy or expansion, but with Avelo I'm just kind of sitting here watching, and not sure what to think. Avelo is no doubt adding value for consumers, operating routes that otherwise aren't served — I mean, imagine how awesome this expansion is if you want to travel between the Burbank area and the Fort Collins area (however many people that describes!).

Allegiant has been very successful operating leisure point-to-point routes, but there's one major difference between Avelo and Allegiant — Avelo is setting up bases out of which a majority of flights are operated, while Allegiant operates wherever the heck there's demand.

Avelo will fly you from Burbank to all kinds of airports that otherwise don't have nonstop service from the Los Angeles area, while Allegiant will fly you from Flint to Punta Gorda, St. Petersburg to Toledo, Wichita to Destin, and Appleton to Nashville. All at like 6AM on a Tuesday and 11PM on a Saturday (or something like that).

Obviously Avelo is still new, and it could be that the airline is growing into the Allegiant model. After all, Allegiant has some focus cities, because that's just naturally how demand evolves. Furthermore, the process of expanding to the point where this can be done efficiently can be challenging.

My gut says that when it comes to point-to-point service, it makes sense to use the Allegiant strategy and fly just about anywhere, rather than sticking mostly to bases. But I suspect Avelo may eventually be working towards that.

Bottom line

Avelo Air is adding four new routes out of Burbank, to Fort Collins, Monterey, Provo, and St. George. All of these routes will be operated 2x weekly, and only the Burbank to Monterey route is currently served by another airline.

With this expansion, the airline will fly to over a dozen destinations out of Burbank. In addition to this, Avelo will be setting up a New Haven base this spring.

📍 US | [Change To UK](#)

NEWS
CARDS
POINTS & MILES
REVIEWS
TRAVEL
COVID-19



Subscribe

[Advertiser Disclosure](#)



NEWS

Avelo is adding 4 new West Coast routes in latest network update



[Zach Griff](#)

Jul 28, 2021



This post contains references to products from one or more of our advertisers. We may receive compensation when you click on links to those products. Terms apply to the offers listed on this page. For an explanation of our Advertising Policy, visit [this page](#).

Avelo Airlines, one of America's newest startup carriers, is making another route-map adjustment.

This time, Avelo isn't cutting any of its existing flights. Rather, it's adding four new destinations, all of which are designed to connect Burbank and the greater Los Angeles metro area with nearby cities that boast plenty of leisure activities.

To kick off the growth, the airline is adding flights to Provo, Utah, located roughly an hour south of the state's capital of Salt Lake City. That service begins Sept. 17.

Want more airline-specific news? [Sign up for TPG's free new biweekly Aviation newsletter!](#)

Later that month, the carrier will add flights to Monterey, California, followed in early October by service to Fort Collins, Colorado, and St. George, Utah. You'll find the full details of Avelo's latest expansion in the table below.

One-way fares to Monterey begin at \$39, while the other three routes start at \$49. Note that seat assignments, checked bags and ticket changes are all available for an additional charge.

Origin	Destination	Start date	Frequency
Burbank (BUR)	Provo, Utah (PVU)	Sept. 17	Mondays, Fridays
Burbank (BUR)	Monterey, California (MRY)	Sept. 30	Thursdays, Sundays
Burbank (BUR)	Fort Collins-Loveland, Colorado (FNL)	Oct. 6	Wednesdays, Saturdays
Burbank (BUR)	St. George, Utah (SGU)	Oct. 7	Thursdays, Sundays

As mentioned, much of this growth is focused on destinations in close proximity to outdoor-friendly activities. Avelo's network and ultra-low-cost structure cater to leisure travelers, so cities like St. George, the gateway to Zion National Park, seemingly make sense for expansion.

While Avelo will have a monopoly on all four routes, it'll still face some serious headwinds in Provo and Fort Collins. From Burbank, there are plenty of flights on competing airlines to Salt Lake City and Denver, which are close alternatives to Avelo's new destinations. While the airline markets service to these smaller airports as a more convenient option, it may need to convince travelers to fly there instead of the major cities nearby.

Avelo's announcement, to be officially released on Thursday, is the latest network update from the three-month-old carrier. At the beginning of July, Avelo [dropped two cities](#) from its route map, Grand Junction, Colorado (GJT), and Bozeman, Montana (BZN), and also tweaked the number of frequencies on many of its other routes.

Then, two weeks ago, the airline unveiled [a new Santa Rosa \(STS\) to Las Vegas \(LAS\) route](#). Though Avelo will be the only carrier to fly between the two cities, the market has been served before by other low-cost airlines — and none of stuck. Avelo's hoping for better luck.

And if things don't work out on the West Coast, the airline can always rely on its East Coast ambitions.

In early May, the carrier unveiled plans to open its [first East Coast base](#) in New Haven, Connecticut. The city's [Tweed-New Haven Regional Airport](#) (HVN) is currently undergoing enhancements to facilitate commercial service with a Boeing 737. That work is still underway, which has caused Avelo to delay its New Haven launch until early November.

Editor's note: *This post has been updated to show the correct information regarding the location of Provo within the state of Utah.*



July 31, 2021

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

Section A – Remote Air Traffic Control Contract Progress Report #01

Re: Period: July 1 through July 31, 2021

Colorado Remote Tower Project Activity Status			
Activity	Status/Start Date (Projected)	Finish Date (Projected)	Remarks
Remote Tower Implementation			
Relocate Mobile Tower	8/2/2021	8/2/2021	Relocation on schedule- Power and comm installed
Remote Tower STARS Display	9/25/2021	10/1/2021	Equipment installation only, FTI March 2022
Remote Tower System			
System Upgrade - Tech Refresh	In-Progress	TBD	Continuing
System Site Adaptation	In-Progress	Ongoing	Minor adaptation changes post Alt. Phase 1 testing
Remote Tower Testing			
Alternative Phase 1 - Passive Testing			
Phase 1 in-person testing	8/17/2021	9/16/2021	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
Phase 2 - Active Testing			
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Phase 3 - Validation & Verification			
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Operational Viability Decision (OVD)			
Phase 4 - Post OVD Validation & Verification			
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Certification/Commissioning			
	TBD	TBD	

Note: All dates reflect latest FAA proposed schedule and are subject to change based on FAA SME's ability to travel to FNL

Remote Tower Project Narrative:

NextGen and the Headquarters' subject matter experts (SME) from various lines of business (AJT, AJV and AJI) have committed to support Phase 1 in-person operational testing of the remote tower system. Phase 1 testing will be accomplished in two two-week sessions with a one-week hiatus in between. Session 1 is slated to begin on August 17, 2021 and conclude on August 22, 2021. Session 2 will begin on September 8, 2021, and end on September 16th. After both sessions of the Phase 1 testing NextGen will prepare the test report that will be used by the Safety Risk Management (SRMP) and generate the Safety Risk Management Document (SRMD) allowing the project to proceed to Phase 2 active testing during which the remote tower will provide air traffic control services while the mobile Airport Traffic Control Tower (ATCT) will act as the safety mitigator. It is anticipated that Phase 2 testing will begin in the spring of 2022. We are attempting to shorten the time between the end of Phase 1 and the start of Phase 2. from the forecast six months.

During the first week of the Phase 1 Session 1 testing FAA's Directors of NextGen and Air Traffic as well as the National Air Traffic Controllers Association (NATCA) Director of Safety and Technology will attend various test sessions to evaluate the system. This will be the first visit to the site by the Director of Air Traffic and the NATCA Director of Safety and Technology, so we are hoping to present the system in the best light.

With the Biden administration reinstatement of mask mandates, even for people who are vaccinated, there is the possibility that some headquarters SME might not want to travel as Larimer County is designated as an orange risk level. While there has been no indication that this could happen, it still remains a possibility which could further delay Phase 1 testing. Stay tuned.

We have 3 new air traffic controllers bringing the complement to five with a sixth slated to start in mid-September. This provides sufficient staffing to support Phase 1 testing. One of the new controllers is on temporary duty (TDY) only to support Phase 1 testing.

We are encouraging Searidge to be on site the week before testing to optimize the system and correct some issues that have crept into the system over the shutdown period. Perhaps most important is for Searidge to be at the facility to allow enough time to train the new controllers on the system as they will rotate through the remote tower during Phase 1.

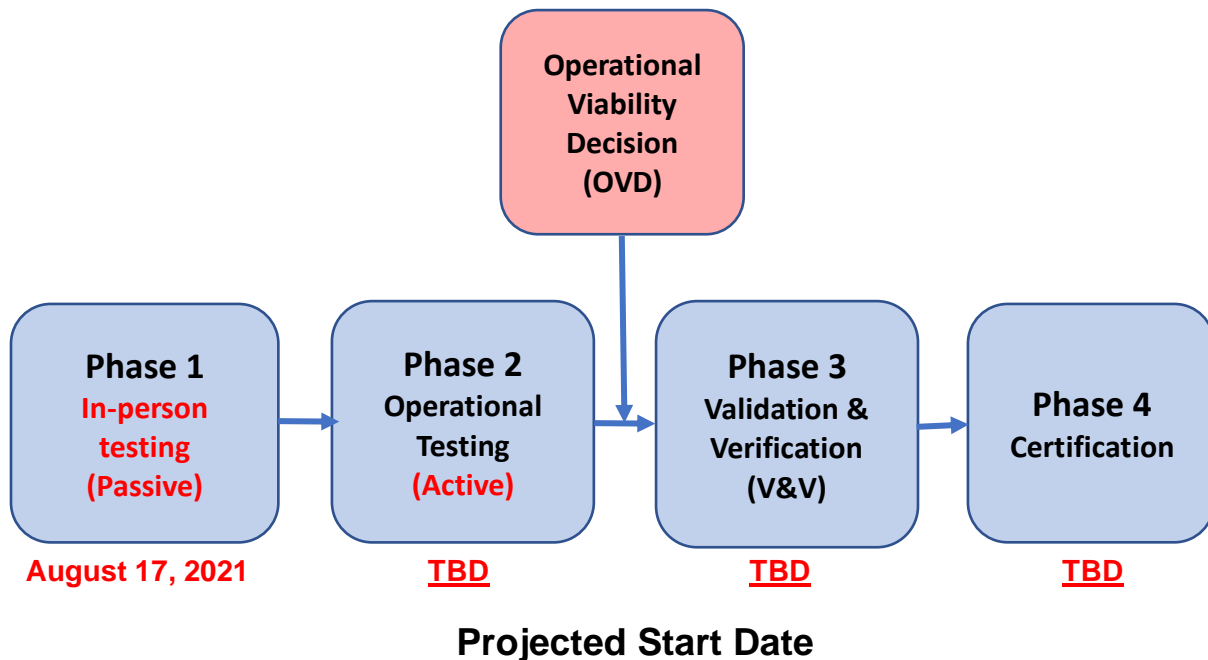
Before Phase 1 testing the mobile ATCT will be relocated on August 2nd. A SRMP was convened on July 15th and 16th to evaluate moving the mobile ATCT. There were no hazards identified allowing the relocation to proceed although the SRMD will not be completed prior to the move.

The mobile ATCT will be shut down at 1800 on Monday, August 2nd and moved to the new site at which time power and communications will be reestablished. FAA Technical Operations technicians will also reestablish communication for FAA equipment in the mobile ATCT, namely the Flight Data Input/Output (FDIO) and AWOS. After power and communications are complete at the new location all systems will be tested in advance of reopening the mobile ATCT at 0600 Tuesday August 3rd.

On Wednesday, July 21st I participated in the Technical Interchange Meeting (TIM) with FAA TechOps and all the remote tower vendors to discuss the proposed remote tower system Requirements Document, Advisory Circular (AC), and Operational Visual Requirements (OVR). I will be providing comments on those documents to be included in the final versions. The most

significant revelation coming out of the TIM was that TechOps is anticipating 24 to 36 months will be required to achieve system Type Certification. Subsequent to that meeting, I met separately with the Manager of the Advanced System Design Team and the Technical Lead of the Advanced System Design Team to get some clarification as to how we might accelerate the process without sacrificing safety. There were several options discussed, the most important of which is that the individual vendor must submit the necessary documentation in the required format. The responsibility to provide the necessary documentation falls squarely on Searidge as the vendor.

Proposed Remote Tower Testing Phases:

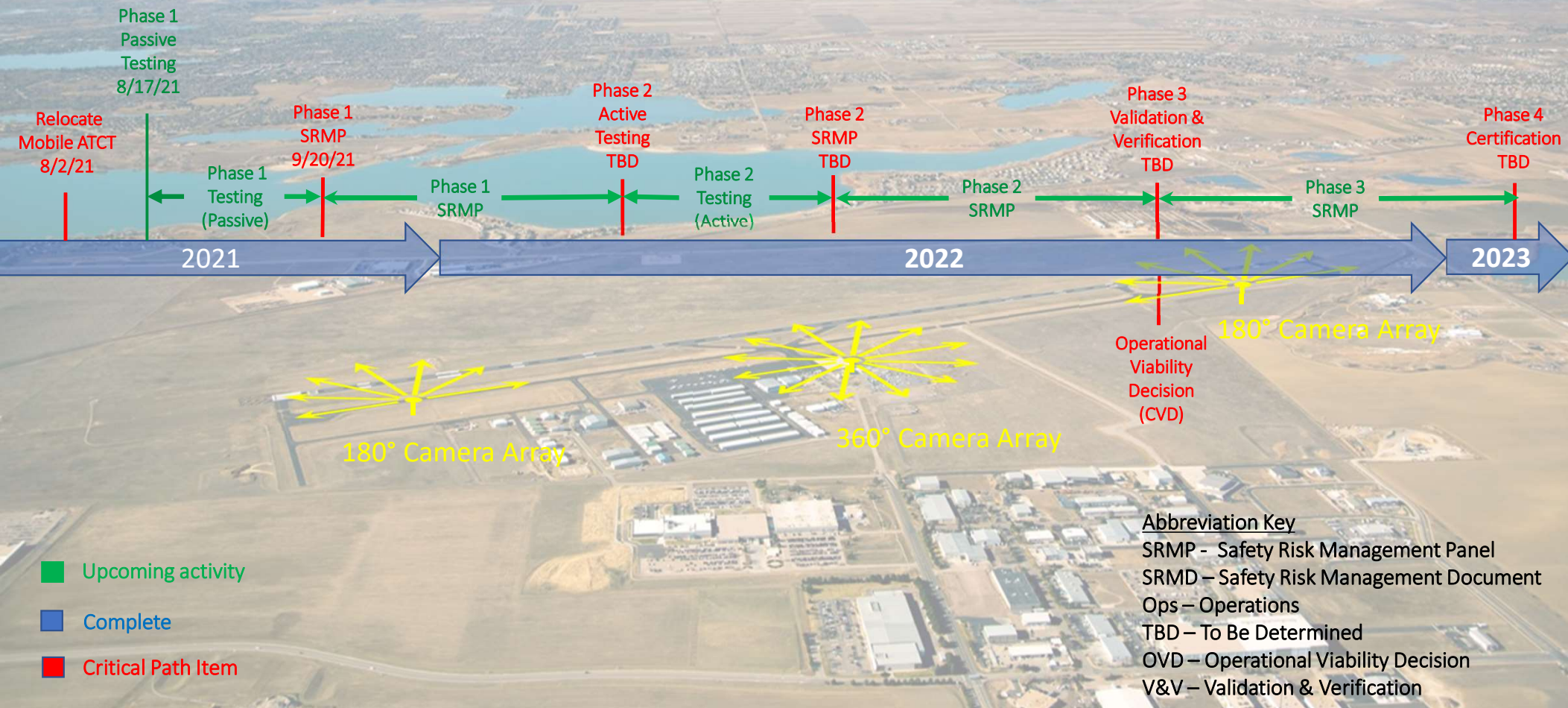


*Dependent on local resources' ability to travel to FNL

Schedule Note: This status is based on the latest proposed schedule and is dependent upon availability of FAA resources to staff the remote tower and support the Phase 1 SRMP.

Note: The FAA has replaced the term Initial Operating Capability (IOC) with Operational Viability Decision (OVD). This may change again as the terminology of remote tower certification is in flux.

Colorado Remote Tower Timeline (Draft)



MEETING RECORD

Page 1

DATE: 7/28/2021

TIME: 3:30-5:25 PM

RE: Planning and Development Subcommittee Meeting (PDSC)

ATTENDEES: Tom Fleming, Diane Jones, Troy Bliss, Jason Licon, Aaron Ehle, James Hays, Jackie Marsh, Deb Montgomery

Begin Meeting Record 7/28/2021

Agenda Item #1: Meeting Minutes Review, June 23rd

- Diane asked for clarification on the following statement: “The Airport has kept up with maintenance related to safety and functionality, but has forgone other improvements due to redevelopment plans. Investment in the appearance of the buildings has not been a priority for several decades.”
 - Due to long standing redevelopment plans for the first three rows of T-hangars, they have been kept in safe, working order, but strategic decisions have been made to invest available funding into improving other facilities that are likely to exist further into the future. Because of this, significant investment would be required to improve the appearance and extend the lifespans of the buildings.
- **Tom moved to approve the minutes pending the clarification requested by Diane. The motion, seconded by Diane, passed unanimously.**

Agenda Item #2: Fort Collins-Loveland jetCenter (FCLJC) Development Proposal and Hangar Development RFP

- Our normal process for evaluating and approving development proposals isn’t sufficient for more complex proposals that have impacts on other stakeholders. We may need to amend the process for these types of proposals.
 - The Airport has a standard lease agreement that can be used for many developments, but more complex proposals may require tailored lease agreements and City Council approval.
- Following the direction given at the last Airport Commission meeting, staff is developing a draft request for proposals (RFP) for redevelopment of the Airport-owned T-hangars and the development of new T-hangars in the area east of Lear Drive.
 - Questions related to the RFP
 - What is the purpose of the RFP and what are the desired outcomes?
 - Highest and best use of Airport property in alignment with the Master Plan.
 - Highest and best use can mean different things to different people.
 - Definition: Legally permissible, physically possible, financially feasible, and maximally productive
 - Accommodate all users to the greatest extent possible
 - Encourage private investment in the Airport
 - Why does the Master Plan call for the Airport-owned T-hangars to be replaced with large Corporate hangars?

MEETING RECORD

Page 2

- Business jet activity at FNL has increased more than at other Front Range airports. Piston aircraft activity, except for the relocation of the Aims Community College flight training program, has remained relatively stable.
- The main apron can accommodate large aircraft. Getting these aircraft to the main apron/taxiways/runway from other sites would require extensive infrastructure improvements e.g., wider and thicker taxiways. It is easier and less expensive to extend the infrastructure needed for smaller planes.
- The Master Plan isn't binding. It's a guide. The PDSC and Airport Commission should use all available and relevant information when making decisions.
- Why wasn't there a plan in place to provide hangar space for the displaced T-hangar tenants?
 - The Airport has always relied on the private sector to respond to the demand for hangars. Without a commitment to demolish and replace the T-hangars, there hasn't been enough demand for the private sector to justify building new ones.
 - With current construction costs, new T-hangars units will likely be at least three times more expensive than the current rent rates (less than \$300 per month). It's clear that there is a strong demand for inexpensive hangars, but unknown what the demand is for much more expensive hangars.
 - Alternatives to T-hangars such as hail/UV shelters should be explored.
 - In the early 1980's the Cities issued bonds to build the horizontal infrastructure that is just now getting built out. Federal, State, and City funding is not likely to be available in the near future for these types of infrastructure project, which increases our reliance on the private sector.
- The area north of runway 6/24 would be a suitable place for T-hangars, but there is limited infrastructure in place.
 - The Master plan shows large hangars closest to the runway and taxiways and smaller hangars to the east.
 - Rockwell Dr is currently being extended to serve private development north of the Airport.
- With limited funding, the Airport should focus on providing public-use roads and taxilanes to encourage development. If more funding becomes available, it may be possible to provide utility infrastructure.
 - Land lease rates for specific areas/lots are generally tied to the amount of existing infrastructure that is available.
 - We may want to conduct a study to better understand what infrastructure is needed and what the associated costs are to develop Airport property according to the Master Plan
- The Airport has no obligation to build, own, or rent T-hangars.

MEETING RECORD

Page 3

- The lease rates for the first three rows were for \$0.01 per square foot per year when they were built. The Cities tried to encourage investment in the Airport by offering inexpensive lease rates.
 - The ability for the Airport to generate revenue from hangars after the reversion clause (40 years in most cases) is important to help maintain infrastructure and keep the Airport self-sustaining.
 - Today we are in a different situation where we have a shortage of shovel ready land and lots of operations and maintenance needs.
- FNL's lease/rent rates are aligned with other airports in the area. The FAA regulates this to maintain a system of airports around the country.
 - Owners of private hangars on leased land can charge whatever rates they want to.
 - The Airport is able to rent the hangars at a low rate because they are fully depreciated assets.
 - Rent rates for the Airport-owned T-hangars would be much higher if put out for bid.
- The building/fire code requirements and water tap costs continue to be a barrier to development.
 - Staff should continue to explore code flexibility options with the City of Loveland
 - Public restrooms need to be strategically located in new development areas.
 - Who should pay for this?
 - Fort Collins – Loveland Water District recently adopted a tiered rate structure for residential customers, but not for commercial customers yet.
- RFP details
 - should be fairly broad in scope to allow for different ideas and development scenarios that can benefit the Airport/Cities and users.
 - Proposals need to be in alignment with the Master Plan.
 - We can't dictate what rental rates are charged for private development. It's likely that many of the existing T-hangar tenants will be dissatisfied with being displaced even if they have the option of renting a more expensive hangar on a different site.
 - RFP should include specifics for minimum square footage of hangars space, door sizes, taxi lane widths, etc.
 - We still want provide a sufficient number of tie-downs. If a large number are going to be removed, we might need to offset them somewhere else.
 - The RFP sites may be able to accommodate multiple proposals. We need to provide options for multiple developers to partner or coordinate with each other.
 - Prospective developers should have to demonstrate qualifications and financial capability.
 - Developers need to have "skin in the game" to drive development and limit risk to the Airport.
- Staff will create a draft RFP and share it with the PDSC prior to the next meeting.

End Meeting Record

From: Brad Van Dam <brad.vandam@aaae.org>
Sent: Sunday, August 1, 2021 8:18 PM
To: Jason Licon
Subject: [External] U.S. Contract Tower Association Alert: Legislative Text Released on Bipartisan Infrastructure Bill



Legislative Text Released on Bipartisan Infrastructure Bill

August 1, 2021

After weeks of negotiations, a bipartisan group of Senators tonight released the final legislative text of a \$1.2 trillion infrastructure package that includes \$25 billion for aviation and dedicated funding for contract tower airports. The breakthrough will allow the Senate to begin debating amendments and proceed to a vote on final passage “in a matter of days.”

Senate Majority Leader Chuck Schumer (D-NY) earlier today and tonight reiterated his dual track approach to infrastructure investment and a broader, more expensive package of Democratic priorities. The Democratic plan calls for the Senate to first pass the \$1.2 trillion bipartisan infrastructure package and then clear a budget resolution before lawmakers adjourn for the annual August recess.

Bipartisan Infrastructure Bill

With the legislative text of the bipartisan infrastructure bill finally nailed down, Schumer this evening offered the text as a substitute amendment to an underlying bill, making the agreement the base bill. The procedural move will open the door for the Senate to begin considering amendments to the \$1.2 trillion infrastructure package.

Schumer voiced his optimism that the Senate will clear the infrastructure package after lawmakers go through the amendment process. “Given the thoroughly bipartisan nature of the bill, I expect we will be able to consider all relevant amendments and finish the bill in a matter of days,” Schumer said.

Late last week, 16 Republicans including Senate Republican Leader Mitch McConnell (R-KY) approved a motion to proceed to the infrastructure bill -- a sign that Schumer should have enough Republican support to pass the bipartisan measure later this week.

Budget Resolution

After the Senate finishes the infrastructure package, Schumer intends to move forward with a budget resolution, which will set the stage for Senate Democrats to move forward with a \$3.5 trillion social spending package with a simple majority vote. However, with a 50-50 Senate, Schumer faces the difficult task of trying to keep moderate and progressive Democrats on the same page.

“But we know that this [infrastructure] bill isn’t everything our country needs, Schumer said. “That is why after the bipartisan infrastructure legislation passes this chamber, I will immediately move to the other track -- passing a budget resolution with reconciliation instructions which will allow the Senate to make historic investments in American jobs, American families, and efforts to reverse climate change.”

Meanwhile, House Speaker Nancy Pelosi (D-CA) has said the House will not consider the bipartisan infrastructure bill until the Senate passes the larger and more controversial reconciliation package. To complicate matters, key House Democrats have criticized the bipartisan infrastructure bill drafted in the Senate for not doing enough to advance Democratic priorities.

The House began its extended August break on Friday and is not currently scheduled to be in session to consider the infrastructure bill or a budget resolution until after Labor Day. House Majority Leader Steny Hoyer (D-MD) indicated that it is possible lawmakers could be brought back to Washington for votes prior to that time.

As the Senate takes the first step and begins debating the infrastructure package this week, we will keep you posted on any possible aviation-related amendments. In the meantime, details of the aviation section of \$1.2 trillion bipartisan infrastructure plan are below.

Overview of Bipartisan Infrastructure Bill

As we have previously reported, the broad framework includes \$25 billion in general fund expenditures for aviation -- \$15 billion for airport infrastructure grants, \$5 billion for a new “airport terminal program,” and \$5 billion for FAA Facilities and Equipment. Funding would be distributed evenly over a five-year period, and airport grants in the first two categories would require a local match.

Airport Infrastructure Funding: The infrastructure bill includes \$15 billion in formula funding for airport infrastructure grants with \$3 billion to be distributed annually. Unlike traditional AIP dollars, airports would have flexibility to use these federal funds for terminals and other PFC-eligible projects except debt service.

New Airport Terminal Program: The bill would provide \$5 billion over five years or \$1 billion annually for a new “airport terminal program.” The Department of Transportation would be allowed to distribute these funds through a competitive grant program with funding broken down by hub size. Eligible projects also include certain multimodal terminal development and on-airport rail projects.

FAA Facilities and Equipment: The remaining \$5 billion would go toward FAA Facilities and Equipment. At least \$200 million of that amount would be reserved for airports that participate in the FAA Contract Tower Program to upgrade aging FAA-owned ATC facilities.

Contract Tower Airports: Contract tower airports are slated to receive \$300 million in dedicated funding for tower construction and equipment. That includes \$100 million from funding for airport infrastructure grants and \$200 million from FAA Facilities and Equipment account.

Moreover, there are additional funding streams that could assist contract tower airports. For instance, the FAA could use funds in the \$5 billion airport terminal program for “relocating, reconstructing, repairing or improving airport-owned ATC facilities.”

Unobligated and remaining funds that may materialize could also assist contract tower airports. The first \$100 million from any unobligated funds from the \$15 billion proposed for airport infrastructure grants would go toward contract tower airports. Plus, any remaining funds from the money set aside for nonprimary and general aviation airports would go to contract tower airports.

Airport Infrastructure Grants

Primary Airports: Of the \$15 billion available for airport infrastructure grants, \$12.4 billion would be reserved for primary commercial service airports – or 2.48 billion annually for five years. Unlike the regular AIP program, airports would be allowed to use these federal funds for terminals and other PFC-eligible projects except debt service.

The bill calls for funds to first be distributed by a modified AIP apportionment run, which is similar to the method used in the recent coronavirus relief bills. For instance, the cargo set-aside would remain intact, and there would be no maximum grant amount or “PFC turnbacks.” The bill would preserve doubled entitlements and retain the \$1 million minimum entitlement for smaller primary airports.

Like the recent coronavirus relief bills, any remaining funds in this category would be distributed to airports based on enplanements. The infrastructure package calls for the FAA to use enplanements in calendar year 2019 to determine this portion of funding in Fiscal Years 2022 and 2023 – a move that would exclude irregular passenger numbers in CY20 and CY21. Funding in fiscal years 2024, 2025, and 2026 would be based on “the most recent calendar year.”

Non-Primary Commercial Service/General Aviation Airports: Of the \$15 billion for airport infrastructure grants, \$2.5 billion would be reserved for nonprimary commercial service and general aviation airports over five years – or \$500 million annually. Like the recent coronavirus relief bills, funds for those airports would be based on categories described in the National Plan of Integrated Airport System. Any remaining funds – if any become available – would go to contract tower airports for projects described below.

Contract Tower Airports: The bill would reserve \$100 million over five years for airports that participate in the FAA Contract Tower Program and Contract Tower Cost Share Program to upgrade aging airport-owned ATC towers and to purchase equipment for those facilities. The federal share for those projects would be 100 percent, and the annual funding level would be \$20 million.

Specifically, the bill calls for DOT to distribute those funds through a competitive grant program to help contract tower airports “sustain, construct, repair, improve, rehabilitate, modernize, replace

or relocate nonapproach control towers.” Contract tower airports would also be allowed to use those for funds to acquire and install ATC equipment and construct FAA-certified remote towers.

Local Match: Unlike the recent COVID relief packages, funding for airport infrastructure would require a local match in most instances and mirror those for AIP projects. The federal share for large and medium hub airports would be 75 percent, and the federal share for smaller airports would be 90 percent except for ATC-related projects at contract tower airports.

Administrative Costs: The bill reserves up to three percent of funds annually for DOT and FAA to administer the airport infrastructure grant program. Of that amount, \$1 million annually would be set aside for the DOT Office of Inspector General for oversight functions.

Unobligated Funds: Any unobligated funds in this category at the end of the fourth fiscal year would be available to DOT to distribute as competitive grants. If unobligated funds materialize, the first \$100 million would be reserved for contract tower airports to upgrade sponsor-owned ATC facilities. Remaining funds would be available for projects that “reduce airport emissions, reduce noise impact to the surrounding community, reduce dependence on the electrical grid, or provide general benefits to the surrounding community.”

Airport Terminal Program

The bipartisan infrastructure framework includes a total of \$5 billion over five years for a new “airport terminal program” or \$1 billion annually. Unlike the airport infrastructure grants, the bill would require DOT to distribute these funds through a competitive grant program similar to AIP discretionary grants.

But the bill would place some restrictions on DOT by requiring the agency to distribute funds by hub sizes. Specifically, it would require DOT to distribute 55 percent of the grants to large hubs, 15 percent for medium hubs, 20 percent for small hubs, and 10 percent for nonhubs and nonprimary airports.

Eligibility: DOT would be allowed to distribute funds in this category for terminal projects including multimodal terminal development projects and certain on-airport rail projects. The agency could also fund projects for relocating, reconstructing, repairing or improving airport-owned ATC facilities.

On the terminal piece, the bill would require DOT to consider a variety of projects including those that increase capacity, improve passenger access, and replace aging infrastructure. It would also require DOT to consider projects that “expand accessibility for persons with disabilities” and “improve airport access for historically disadvantaged populations.”

Preferences and Priorities: The bill requires DOT to provide a preference to projects that “achieve a complete development objective” even if those projects are phased over multiple years. It would also require DOT to prioritize projects that “have received partial awards.”

Local Match: Funding for terminals and other eligible projects in this category also requires a local match. The federal share for large and medium hubs would be 80 percent, and the federal share for smaller airports would be 95 percent.

Administrative Costs: The bill reserves up to three percent of funds annually for DOT and FAA to administer the airport terminal program. Of that amount, \$1 million annually would be set aside for the DOT Office of Inspector General for oversight functions.

FAA Facilities and Equipment

The bill includes \$5 billion over five years for FAA facilities and equipment or \$1 billion annually. The bill would allow the FAA to use these funds for a variety of purposes including replacing terminal and en route ATC facilities, fuel storage tank replacement, electrical power system support, and hazardous materials management and environmental cleanup.

Contract Tower Airports: Of the \$5 billion for F&E projects, not less than \$200 million would be fenced off for “air traffic control towers that are owned by the Federal Aviation Administration and staffed through the contract tower program.” Combined with funding for airport infrastructure grants, the total dedicated funding for contract tower airports would be \$300 million.

The bill includes some reporting requirements for DOT. For instance, it calls on the agency to submit to Congress a “detailed spend plan, including a list of project locations of air traffic control towers and contract towers to be funded in FY22.” It would also require the agency to submit similar detailed spend plans in subsequent fiscal years as part of its annual budget submission with specific mention of contract tower projects.

Miscellaneous

TIFIA: The infrastructure bill would allow airports to access low interest loans and loan guarantees under the TIFIA program for PFC-eligible projects. Earlier this year, Senators Tammy Duckworth (D-IL) and John Cornyn (R-TX) introduced a free-standing bill (S. 1715) that would also expand the TIFIA program to more airport projects. Rep. John Garamendi (D-CA) introduced a similar bipartisan bill (H.R. 3340) in the House.

[Brad Van Dam](#), Executive Director

AAAE | 601 Madison Street, Suite 400, Alexandria, VA 22314

[Unsubscribe](#) jason.licon@cityofloveland.org

[Update Profile](#) | [Constant Contact Data Notice](#)

Sent by brad.vandam@aaae.org



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: August 19, 2021
PREPARED BY: Jason R. Licon, Airport Director

TITLE

2022 Budget and Rates & Fees: Study Session

RECOMMENDED AIRPORT COMMISSION ACTION

No action requested. This is an informational item consisting of a preliminary review of the draft 2022 Airport budget and associated rates and fees. This review of the draft 2022 airport budget will require action at the next regularly scheduled Commission meeting to recommend for adoption by the City Councils. The City Councils of Fort Collins and Loveland will be considering budgets in October.

BUDGET IMPACT

Not applicable

SUMMARY

The Intergovernmental Agreement (IGA) between the Cities requires that each City Council approve the Airport budget and appropriate a 50% share supporting Airport operations, maintenance, and capital improvements. The Airport Commission will review and recommend adoption by the City Councils. The draft 2022 budget is attached and the format shared is consistent with the Airport's monthly financial reports.

The total proposed 2022 budget is just under \$18.2 million, including an operating budget of \$1,696,420 and a capital budget of \$17,500,000. The Airport will continue to remain self-sufficient for all operational and maintenance needs and will utilize grant funding to fund capital improvements. The operational revenues reflect an increase to anticipated airport self-generated operational revenues by 18.4%. Revenue increases are due to escalating land lease agreements and anticipated activity from the new airline. Capital expenditures reflect anticipated federal and state grant resources totaling approximately \$16,581,373, which will be applied toward the design and construction of a new airline terminal building. Also as part of the \$16.5 million capital budget the annual IGA reserve appropriation totaling \$1,000,000 is included for the Airport Commission to use for special projects.

The rates and fees is also a component of the budget process requiring approval and adoption as part of the Cities' budget processes. The proposed 2022 rates and fees have been adjusted in a manner consistent with policy given to staff by the Airport Commission. This process includes the adjustment of some rates and fees annually using the Consumer Price Index as published by the US Bureau of Labor Statistics, such as property lease rates. Every five years a rates and fees study is conducted, the last was completed this year, focusing on airports regionally that are similar in size and amenities.

The Rates and Fees study reflected FNL to be well within the average when compared to similar airports. Up to 23 airports of similar size and use level were surveyed.

	FNL	Min	Avg	Max
Hangars Avg \$/sq ft	\$0.27	\$0.07	\$0.29	\$0.50
Improved Land Lease \$/sq ft	\$0.448	\$0.25	\$0.44	\$0.85
Unimproved Land Lease \$/sq ft	\$0.316	\$0.26	\$0.55	\$0.85
Parking \$/night	\$7.00	\$5.00	\$7.50	\$10.00
Fuel Flowage \$/gallon	\$0.05 or 6%	\$0.05	\$0.13	\$0.20
Landing Fees \$/1000lbs	\$0.90	\$0.95	\$3.15	\$5.35

ATTACHMENTS

2022 Proposed Airport Budget

2022 Proposed Rates & Fees

Rates & Fees Comparison Current 2021 vs. Proposed 2022



2022 Draft Airport Budget

	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Proposed	Justification	Percent Change
OPERATING REVENUES							
Hangar Rental	117,155	131,782	224,059	215,000	225,000	Increased to account for demand and accuracy	4.4%
FBO Rent	98,060	92,586	92,586	96,287	96,287	Lease driven, next increase in 2022	0.0%
Gas and Oil Commissions	199,017	190,731	111,192	165,000	180,000	Fuel is price and volume driven- and this is a best guess	8.3%
State & County Aircraft Fuel Tax	112,080	156,661	119,829	103,500	140,000	Fuel is price and volume driven- and this is a best guess	26.1%
Land Lease	232,541	650,497	694,391	670,539	749,900	Adjusted for lease escalations and inflation adjustments	10.6%
Terminal Lease and Landing Fees	8,342	8,229	5,700	9,000	12,000	Tied to airline agreements and activity	25.0%
Parking	12,850	11,240	4,805	10,000	75,000	Tied to airline agreements and activity	86.7%
Miscellaneous	31,168	20,784	23,494	19,500	23,000	Tied to airline activity and security fees	15.2%
TOTAL OPERATING REVENUES	811,213	1,262,510	1,276,056	1,288,826	1,501,187		14.1%
OPERATING EXPENSES							
Personal Services	552,509	596,508	641,868	734,737	952,729	Increase attributed to insurance costs jumping 43% and addition of one FTE	22.9%
Supplies	55,943	72,675	68,129	85,000	100,000	Increase driven by snow removal supply needs and cost of supplies	15.0%
Purchased Services	1,111,515	732,671	513,984	624,699	643,691	Additional costs associated with inflation related adjustments	3.0%
TOTAL OPERATING EXPENSES	1,719,967	1,401,854	1,223,981	1,444,436	1,696,420		14.9%
OPERATING GAIN (LOSS)	(908,754)	(139,344)	52,075	(155,610)	(195,233)		
NONOPERATING REVENUES (EXPENSES)							
City Contributions	485,000	355,000	0	0	0		0.0%
Passenger Facility Charge	0	0	0	0	65,000	Subject to obtaining approval to apply for PFC payments	100.0%
Interest Income	31,930	118,764	95,157	50,000	75,000	Adjustment made based on balance and historic returns	33.3%
Capital Expenditures	(986,124)	(989,250)	(1,481,000)	(5,566,000)	(16,500,000)	This is the CARES Act balance- may be needed to award construction contract	66.3%
TOTAL NONOPERATING REVENUES (EXPENSES)	(469,194)	(515,486)	(1,385,843)	(5,516,000)	(16,360,000)		
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,377,948)	(654,830)	(1,333,768)	(5,671,610)	(16,555,233)		
Capital Contributions	986,124	892,500	922,000	6,487,000	16,581,373	Increased from CARES Act grant and additional Federal grant funds	60.9%
CHANGE IN NET POSITION	(391,824)	237,670	(411,768)	815,390	26,140		
Reserve Appropriation	335,000	500,000	500,000	1,000,000	1,000,000		

Exhibit A

City of Loveland, Colorado

Schedule of Rates, Charges and Fees for the Northern Colorado Regional Airport

Effective January 1, 2022



NORTHERN COLORADO REGIONAL AIRPORT

Fuel Flowage Fees

Fuel flowage fee, off-airport, whichever is greater:

Percentage of actual cost, after taxes.....10%

or

Per gallon.....\$0.08

Fuel flowage fee, on-airport, whichever is greater*:

Percentage of actual cost, less taxes.....6%

or

Per gallon.....\$0.05

**Lesser amount applies to scheduled Air Carriers.*

Security Access Credentialing

Secure Identification Display Area (SIDA) badge new\$120

Includes costs for fingerprints, FBI background check, badge, access card, training, & admin

Secure Identification Display Area (SIDA) badge renewal\$40

Includes costs for FBI background check, training, & admin

Airport Operations Area (AOA) badge new & renewals\$15

Includes costs for badge, background check, access card, & admin

Property Leasing

Land lease, increased annually by CPI:

Improved, per square foot\$0.448

Unimproved, per square foot.....\$0.316

Intent to lease deposit.....\$1,000 minimum & \$1,000 per acre

Terminal facilities lease, per square foot.....\$15.00

Terminal building overnight automobile parking, per night\$7.00

Hangar Leasing

“A”, per month\$236.00

“B”, per month\$277.00

“C”, per month\$292.00

Hangar waiting list application fee, per application.....\$25.00

FAA Certified Air Carrier Operations

Landing fees, per 1,000 pounds of certified gross landing weight.....\$0.90

Applies to aircraft in excess of 90,000 pounds.

Terminal building use, per flight.....\$50.00

Passenger facility charges (PFC), per passenger.....\$4.50

ARFF (Aircraft Rescue and Fire Fighting) Standby Fees:

Index B, per flight\$100.00

Index C, per flight\$150.00

NORTHERN COLORADO REGIONAL AIRPORT

Airport Fees:	2021	2022
Fuel Flowage Fee, Off-Airport, whichever is greater: <i>Percentage of actual cost, before taxes</i>	10%	10%
<i>or</i>		
Per gallon	\$ 0.08	\$ 0.08
Fuel Flowage Fee, On-Airport, whichever is greater: <i>Percentage of actual cost, before taxes</i>	6%	6%
<i>or</i>	\$ 0.05	\$ 0.05
Per gallon		
<i>*Lesser amount applies to scheduled Air Carriers</i>		
Airport Security Access Badge Pricing:		
SIDA badge, New <i>Includes costs for fingerprings, badge, prox card, training requirements, & admin</i>	\$ 120.00	\$ 120.00
AOA badge, New & Renewals <i>Includes costs for badge, prox card, & administration</i>	\$ 15.00	\$ 15.00
Property Leasing:		
Land Lease, to be increased annually by CPI:		
Improved, per square foot	\$ 0.439	\$ 0.448
Unimproved, per square foot	\$ 0.310	\$ 0.316
Intent to lease deposit (year balance in 2021, by acre in 2022)		\$ 1,000.00
Terminal Concession Lease, per square foot	\$ 15.00	\$ 15.00
Terminal Building Overnight Auto Parking, per night	\$ 7.00	\$ 7.00
Hangar Leasing:		
T-Hangar Lease:		
"A" per month	\$ 236.00	\$ 236.00
"B" per month	\$ 277.00	\$ 277.00
"C" per month	\$ 292.00	\$ 292.00
Box Hangar: Initial rate based on RFP, increases annually by CPI		
Hangar Waiting List Application Fee, per hangar type	\$ 25.00	\$ 25.00
Airline Charges:		
Landing Fees, per 1,000 pounds of certified gross landing weight <i>Applies to scheduled and unscheduled Air Carriers; and to Charter aircrafts in excess of 90,000 pounds.</i>	\$ 0.90	\$ 0.90
Terminal Building Use, per flight <i>Applies to scheduled and unscheduled Air Carriers or Charter aircrafts.</i>	\$ 50.00	\$ 50.00
Passenger Facility Charges, per passenger	\$ 4.50	\$ 4.50
ARFF (Aircraft Rescue and Fire Fighting) Standby Fees: <i>Applies to scheduled and unscheduled Air Carriers.</i>		
Index B, per flight	\$ 100.00	\$ 100.00
Index C, per flights	\$ 150.00	\$ 150.00



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: August 19, 2021

PREPARED BY: Jason Licon, Airport Director

TITLE

Vision & Mission StratOp Recommendation

RECOMMENDED AIRPORT COMMISSION ACTION

Discuss and select the desired Vision & Mission Statements as a result of work completed at the February StratOp meeting

BUDGET IMPACT

None

SUMMARY

This item is seeking the approval of the drafted Vision & Mission statements as created by Chair Overcash, PDSC member Diane Jones, and Stacy Pearson 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!
- c) Accelerating innovation and leading edge transportation through collaboration, continuous improvement, and top notch expertise.

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: 7

MEETING DATE: August 19, 2021

PREPARED BY: Jason Licon, Airport Director

TITLE

COVID Business Assistance Program Review

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to allow the COVID Business Assistance Program be closed to new applicants, continue the ability for current program participants to utilize the program for new debt through December 31, 2021, and that all lease deferrals to be repaid within three years.

BUDGET IMPACT

Potentially negative due to risks of default

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 utilizing the program to defer lease payments. The lease deferral balance through the end of July 2021 was \$89,390.43. FAA guidance requires that upon the end of the 2020 calendar year, airports begin charging interest to balances using the published Federal treasury note interest rate. The monthly published rate for December 31, 2020 was 0.137%.

Airport staff is recommending that this program be closed 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: 8

MEETING DATE: August 19, 2021

PREPARED BY: Jason Licon, Airport Director

TITLE

Air Carrier Agreement Recommendation to Councils

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to approve Resolution R-11-2021 as presented

BUDGET IMPACT

Positive

SUMMARY

Airport staff have negotiated terms with a new Air Carrier, Avelo Airlines Inc., to provide twice weekly air service to and from the Hollywood-Burbank Airport in the Los Angeles California region. The terms agreed to for the new service includes fee waivers and marketing assistance that requires approval from the City Councils. The Airport has previously negotiated similar terms with air carriers and has followed this precedent to create a performance-based incentive agreement. More details on this item can be found within the attachments.

ATTACHMENTS

- Resolution R-11-2021 A Resolution Recommending Approval of an Airline Agreement with Avelo Airlines for Operation at the Northern Colorado Regional Airport
- Draft Air Carrier Agreement with Avelo Airlines
- Avelo Airlines Informational Memorandum

RESOLUTION #R-11-2021

A RESOLUTION RECOMMENDING APPROVAL OF AN AIRLINE AGREEMENT WITH AVELO AIRLINES FOR OPERATION AT THE NORTHERN COLORADO REGIONAL AIRPORT

WHEREAS, the Northern Colorado Regional Airport Commission (“Commission”) was established by the City of Loveland and the City of Fort Collins pursuant to that certain Amended and Restated Intergovernmental Agreement for the Joint Operation of the Fort Collins-Loveland Municipal Airport dated January 22, 2015 (“2015 IGA”), to effectuate changes to the governance structure and pursue development of the Fort Collins-Loveland Airport (now known as the Northern Colorado Regional Airport) as a regional airport. The 2015 IGA was amended in 2016 and 2019; and

WHEREAS, Avelo Airlines recently announced that it will commence commercial service from the Airport to Burbank, California with two flights per week beginning in October of 2021; and

WHEREAS, it is customary for public airports to enter into agreements with airlines to address the costs associated with operations at the airport, including certain incentives that may be offered by the airport when new commercial service is offered; and

WHEREAS, Airport staff recommend approval of the Airline Air Service Agreement (the “Agreement”) attached hereto as “Exhibit A,” which provides for certain guarantees by Avelo Airlines and certain incentives to be provided by the Airport, including waiver of fees; and

WHEREAS, the Councils of the two Cities must provide the ultimate approval of the Agreement; and

WHEREAS, the Commission desires to recommend approval of the Agreement to the two City Councils as being in the best interests of the Airport, the two Cities, and their citizens.

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

Section 1. That the Airline Agreement, attached hereto as “Exhibit” A is hereby recommended for approval by the City Councils of the City of Fort Collins and City of Loveland.

Section 2. That this Resolution shall be effective as of the date and time of its adoption.

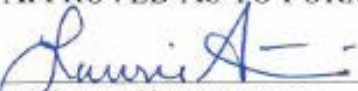
ADOPTED this 19th day of August, 2021.

Don Overcash, Chair of the
Northern Colorado Regional Airport Commission

ATTEST:

Secretary

APPROVED AS TO FORM:



Assistant City Attorney

AIRLINE AIR SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, _____ (“Effective Date”), is by and between the Cities of Fort Collins and Loveland, Colorado (the “Cities”) and Avelo Airlines Inc., a Houston Texas based company hereinafter called “Airline.”

WITNESSETH:

WHEREAS, the Cities jointly own and manage certain real property in Larimer County that is the site of the Northern Colorado Regional Airport (the “Airport”); and

WHEREAS, the Cities have been approached by the Airline to start scheduled service into and out of the Airport; and

WHEREAS, the Cities acknowledge that certain benefits to the Airport and the communities will result from such service; and

WHEREAS, the proposed scheduled service is consistent with the Airport’s current Master Plan which forecasted continued commercial service from the early 1990s and well into the future; and

WHEREAS, the Cities and Airline desire to enter into a formal agreement setting forth the terms and conditions of the Airline’s commercial service at the Airport; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the parties hereto agree as follows:

1. Commencement of Scheduled Air Service. Starting no later than October 6, 2021, Airline will begin providing no less than two scheduled flights per week of commercial passenger service from the Airport using Boeing 737 aircraft. Once commercial passenger service from the Airport has begun, Airline may discontinue such service at any time. A reduction in scheduled flights per week from the above minimum or a discontinuance of service shall, at the Cities’ option, relieve the Cities of their obligations under this Agreement. If the Cities exercise such option, the Cities shall provide written notice of the same to the Airline and this Agreement shall immediately terminate.

2. Advertising Costs & Fee Incentives. The Cities shall pay directly to the Airline’s vendors the Airline’s costs of up to \$15,000 to advertise and promote the Airport and the proposed flights. The Cities will further waive the following fees for the first twelve months of service: landing fees, ARFF fees, terminal use fees, and fuel flowage fees. Prior to starting advertising, the Airline shall advise the Airport Director of the general advertising plan, and the anticipated budget for the period of time from the start of advertising to the first scheduled flight. The Airport shall make payment to the Airline’s vendors for the amounts provided herein within thirty (30) days of receipt and approval of invoices submitted, which invoices shall be submitted to Cities not more frequently than monthly and which shall identify the specific advertising costs for which direct payment is requested.

3. Term. Unless earlier terminated pursuant to this provisions of this Agreement, the term of this Agreement shall be for one (1) year commencing from the Effective Date and shall automatically renew on a yearly basis for additional one (1) year periods.

4. Law Enforcement Costs. Airline shall reimburse the Cities for all direct costs the Cities incur for law enforcement and security personnel required, now and in the future, by the Transportation Safety Agency ("TSA") to provide security screening for Airline's flights, law enforcement officers in and around the terminal building, and security required on the aircraft ramp area and parking lots including random vehicle inspections, except to the extent that any such costs are reimbursed to the Cities by TSA. Payments shall be made to the Cities by Airline within thirty (30) days of receipt of invoices submitted by the Cities, which invoices shall be submitted to Airline not more frequently than monthly and which shall identify the specific law enforcement and security costs for which reimbursement is requested.

5. Airport Fees. Airline shall pay all applicable airport fees as they currently exist and as they may hereafter be increased or decreased by the Cities pursuant to the rates, charges and fees adopted by the Cities' councils on an annual basis. These current fees include a landing fee of \$.90 per thousand pounds of aircraft certified gross landing weight and the current royalty fee collected by the Cities on fuel sold at the Airport.

6. Jet fuel. Airline shall purchase a minimum of 1,000 gallons of jet fuel per flight from a designated Airport Fixed Base Operator. This amount may be averaged over the total number of flights on a quarterly basis. The quarterly period (twelve weeks) set forth herein shall begin on the first day scheduled flights depart from the Airport. If Airline does not purchase the minimum number of gallons of jet fuel as set forth herein, Airline agrees to pay the Cities \$0.05 per gallon of fuel for the remaining purchase obligation. Such payment shall be made within thirty (30) days from the end of the quarter for which the payment is owed. Airline shall provide documentation to the Cities on a monthly basis showing the amount of fuel purchased by Airline from the Airport's Fixed Base Operator.

7. Compliance with applicable laws. At all times during its operations in and out of the Airport Airline shall comply with all applicable federal, state and local laws.

8. Indemnification. The Airline agrees to indemnify and hold harmless the Cities, their respective officers, employees, and agents from and against all liability, claims, and demands on account of any injury, loss, or damage arising out of or connected with the Airline's operations at the Airport, if such injury, loss, or damage, or any portion thereof, is caused by, or claimed to be caused by, the act, omission, or other fault of the Airline or any subcontractor of the Airline, or any officer, employee, or agent of the Airline or any subcontractor, or any other person for whom the Airline is responsible. The Airline shall investigate, handle, respond to, and defend against any such liability, claims, and demands, and shall bear all other costs and expenses related thereto, including court costs and attorneys' fees. The Airline shall notify the Cities and provide a copy of any and all written claims or demands within two business days of receipt. The Airline's indemnification obligation shall not be construed to extend to any injury, loss, or damage to the extent caused by the act, omission, or other fault of the Cities. This paragraph shall survive the termination or expiration of this Agreement.

9. Dispute Resolution and Default. Each and every term and condition hereof shall be deemed to be a material element of this Agreement. In the event either party fails to perform according to the terms of this Agreement, such party may be declared in default. The party declared

in default shall have thirty (30) days to cure such default. The parties agree to meet to attempt to resolve any disputes, including a declared default, prior to resorting to litigation. If the Airline refuses to meet to resolve a dispute and the Cities are required to litigate such dispute, the Cities shall be entitled to recover their reasonable attorneys' fees and costs. In the event that a court of competent jurisdiction finds that a party has breached its obligations under this Agreement, the injured party shall be entitled to monetary damages, equitable relief, including specific performance, and such other remedies at law or in equity as may be available under applicable law.

10. Termination by the Cities. The Cities may terminate this Agreement by providing written notice to the Airline no less than one hundred eighty (180) days prior to the end of the term of this Agreement, including any renewal terms. The Agreement shall terminate on the day following the date of the last passenger ticket sold.

11. No Waiver. Notwithstanding anything to the contrary, no term or covenant herein shall be construed or interpreted as a waiver, either express or implied, of any of the immunities, rights, benefits or protection provided to either of the Cities under the Colorado Governmental Immunity Act, including, without limitation, any amendments to such statute, or under any similar statute which is subsequently enacted.

12. No Multiple-Fiscal Year Debt. The parties intend that this Agreement comply with the provisions of Article X, Section 20 of the Constitution of the State of Colorado, and acknowledge that neither of them will have any obligation to fund the financial obligations under this Agreement other than for the current fiscal year. No provision of this Agreement shall be construed as creating indebtedness or any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever by the parties within the meaning of any constitutional or statutory debt limitation.

13. Assignment of Benefit. Airline may not assign this Agreement to any person without the express written consent of the Cities.

14. Severability. If any provision in this Agreement or the application of such provision to any person or circumstance shall be invalid, illegal, or unenforceable, the remainder of this Agreement of the application of such provision to persons or circumstances other than those to which it is invalid, illegal, or unenforceable shall not be affected thereby.

15. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Colorado, and venue for any legal action arising under this Agreement shall be in the County of Larimer, State of Colorado.

16. Entire Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof. The Cities shall not be obligated to pay any costs not identified in this Agreement. Any unforeseen costs required to provide Airline's flight operations from the Airport shall be paid for by Airline. Except as provided herein, the Agreement may not be modified or amended except by written agreement of the parties.

17. Headings. Paragraph headings used in this Agreement are for convenience of reference and shall in no way control or affect the meaning or interpretation of any provision of this Agreement.

18. Notices. All correspondence between the parties shall be directed to the following

and shall be deemed received when hand-delivered or three (3) days after being sent by certified mail, return receipt requested:

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

With a copy to:

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

To Airline:

Name: _____
Title: _____
Address: _____

19. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year following their signatures.

CITY OF FORT COLLINS, COLORADO, a municipal corporation

By: _____

Title: _____

Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

Senior Assistant City Attorney



DATE: August 16, 2021
TO: Northern Colorado Regional Airport Commission
FROM: Jason R. Licon, Airport Director
RE: Avelo Airlines

Avelo Airlines announced on July 29 that they will be providing low cost air service between the Northern Colorado and Los Angeles regions. This service is slated to begin on Wednesday October 6th, operating twice weekly using 189 seat Boeing 737-800 aircraft. This memo will provide more detailed information on the Air Carrier, the terms negotiated in the agreement, and advantages the new service will provide to the Airport and the Communities it serves.

Avelo Background

Avelo Airlines is a new airline startup that was created in 2021. The company is managed by a group of airline industry executives that have been involved in other highly successful airline startups or held key positions in larger air carriers. In February of 2020 the team was successful in raising \$125 million in capital to start the company.

Avelo started service through an acquisition of the charter airline Xtra Airways, which provided them with their critical FAA commercial airline operating certificate and then acquired three Boeing 737-800 aircraft with assistance from GE Capital. They are working to acquire additional aircraft to grow their network, recently purchasing three additional 737-700 aircraft. Their goal is to provide affordable travel options to smaller airports serving destinations that are not being served by competitors.

Staff have been working with Avelo since November of 2020, when they acquired their operating certificate. Since this time the company started operations in April of 2021 serving nine destinations with their three aircraft from the Hollywood- Burbank California hub. This is a high demand market for Northern Colorado, factoring in the entire Los Angeles area as both a destination and an origination. Airport staff have been involved in marketing and providing information to the Avelo Airlines team.

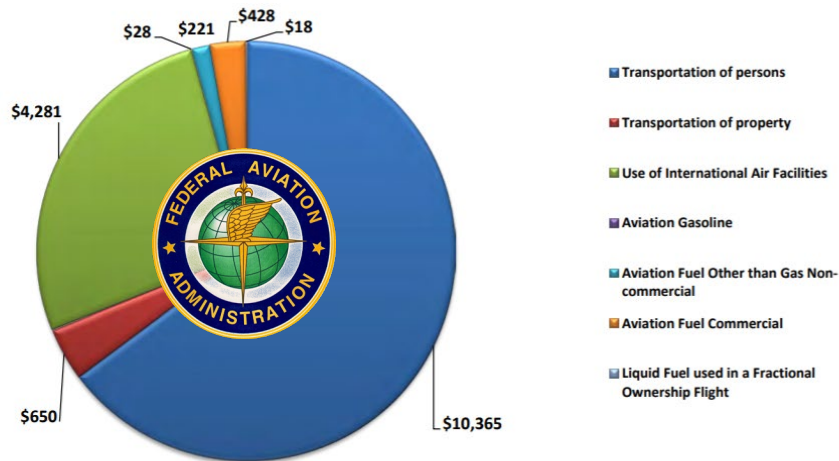
Strategic Importance of an Airline

An airline operating from FNL is a critical need as it pertains to a variety of strategic importance to the Airport. At the financial level, the carrier will provide operating and capital revenue streams that are critical to the Airport's success. The FAA is funded primarily from the proceeds from aviation fuel fees and airline ticket fees, which is how funding is then distributed to the aviation system including capital needs for airports.



AATF FY 2019 Excise Tax Revenues

(in millions of dollars)



Total excise tax revenue \$15,991*

The chart above shows the total revenues that the FAA generated through the various fees and taxes collected. Aviation gasoline provided \$28 million of the approximate \$16 billion collected, with total fuel revenues amounting to \$267 million from general aviation sources. This is 1.67% of the total revenue provided to the FAA. The remaining 98.33% is derived from airline domestic transportation (64.82% or \$10.365 billion), airline international transportation (26.77% or \$4.281 billion), cargo transportation (4% or \$650 million), and commercial airline fuel taxes (2.67% or \$428 million).

The FAA distributes funding along similar lines. It provides general aviation airports with a minimum of \$150,000 annually for capital needs, and \$1 million to airports that support commercial airline services in excess of 10,000 passengers outbound annually (enplanements). **The bottom line is that airline service provides a much higher priority level for commercial airports to compete for discretionary grant funding, which is distributed by the FAA for eligible priority projects.**

With the additional funding, greater responsibilities and costs will also be true. The Airport has maintained the ability to provide for unscheduled flight activities serving a variety of unscheduled airline operations that include university sports team charters, and casino charters to Reno and Laughlin Nevada. These charters were supported as it kept the airport at or slightly above the minimum requirement to be certified as a non-primary commercial service airport. This decision has paid dividends to the airport since Allegiant Airlines stopped their service in 2012. Without this support and continuation of the airport's safety and security programs for a commercially certified airport, it would have foregone approximately \$21 million in federal funding-with the majority (\$16.9 million) coming as part of the Cares Act grant.



Avelo Advantages & Pro-Forma

Scheduled air service is something that provides many advantages for an airport, and is not just limited to what it provides an airport financially. It also brings a great amount of other socio-economic benefits, including allowing more people within the region to directly utilize the airport facility and produces positive economic impact from visitor spending, tourism, and the creates new jobs. It is because of these benefits that most airports traditionally provide an incentive for new air carrier entrants to offset startup costs through fee waivers and providing support for co-branded marketing. Generally speaking, the airport will be successful if the airline(s) that support it are also successful. With that in mind, Airport Staff have worked with Avelo on terms that include the following:

- Performance based incentives that include up to 12 months of airport fee waivers, an estimated value of approximately \$35,000
- Marketing support for up to \$15,000 in co-branded airport & airline marketing

Benefits:

- Provides in excess of 10,000 enplanements within the next calendar year 2022
 - Projected 14,000 enplanements annually from the service (conservative 70% load factor estimate)
 - Direct return of \$850,000 minimum federal funding in 2024
 - Unlocks more potential for federal funding assistance if an infrastructure bill is passed
- Generates new estimated revenue streams of \$206,000
 - Passenger Facility Charge of \$4.50 per passenger: \$65,000
 - Parking revenue: \$75,000
 - Concession revenues: \$15,000 annually
 - State & County fuel tax reimbursements: \$16,000
 - Airport fee revenues after incentives expire \$35,000
- Total direct revenues from operational and capital sources ~**\$1.056 million**
- Additional advantages include:
 - Provides a direct link to the top destination and origination market area for the region
 - Puts pressure on FAA for future discretionary funding and less pressure on the Cities to fund
 - Being involved in a startup has more potential than with an established carrier
 - If the route is successful, growth could happen much more quickly than with an established carrier

Keep in mind that incentives differ greatly from an operating subsidy. The FAA prohibits the use of airport funding to directly offset or subsidize air carrier operations. This is different than the provision of fee waivers, which is something that is allowed as long as it is limited to up to 24 months in accordance to FAA regulations. Most airports do have an incentive policy, and this is something that Staff would like to have discussions with the Airport Commission and City Councils about. An amendment to the Intergovernmental Agreement would be required according to the Cities' Legal staff for the approval of such an instrument, which would help streamline future airline negotiations.



NORTHERN COLORADO REGIONAL AIRPORT

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

To conclude, the new air service is extremely positive for the Airport and the region. It will provide an alternative to Denver for Northern Colorado residents for air travel, and has the potential to be something that will grow with usage and local support.