



NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

4900 EARHART ROAD • LOVELAND, CO 80538

REGULAR MEETING AGENDA WEDNESDAY, NOVEMBER 10, 2021 3:30PM – 5:00PM

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

CONSENT AGENDA

1. SEPTEMBER 16, 2021 MEETING MINUTES
2. SEPTEMBER & OCTOBER FINANCIAL STATEMENTS
3. AIRPORT DIRECTOR'S REPORTS FOR SEPTEMBER & OCTOBER
4. LEASE ASSIGNMENT AND ASSUMPTION – 5230 GULFSTREAM CT
5. NEW LEASE AGREEMENT – 5240 – 5244 GULFSTREAM CT ASSN.
6. NEW LEASE AGREEMENT – 5261 GULFSTREAM CT
7. AVELO AIRLINES AIR CARRIER AGREEMENT AMENDMENT

APPROVAL OF CONSENT AGENDA

CONSENT AGENDA FOLLOWUP

AIRPORT DIRECTOR'S REPORT COMMENTS

REGULAR AGENDA

8. HANGAR REDEVELOPMENT RFP – 45 MIN (ACTION ITEM)
9. TERMINAL BUILDING PROJECT DESIGN NEXT STEPS – 45 MIN (INFORMATIONAL)
10. BUSINESS FROM MEMBERS

PULLED CONSENT AGENDA ITEMS

ADJOURN

Meeting Planning Calendar

December 16

- Capital Improvement Plan 2022-2026
- 2022 Meeting Schedule
- COVID Business Assistance Program

January 20

- Hangar Development RFP Selection
- Strategic Planning Review & Update

February 17

- Intergovernmental Agreement Legal Review & Presentation
- Terminal Project Update

Next Regularly Scheduled Planning & Development Subcommittee Meeting: November 17 @3:30.
Agenda and materials available at www.flynoco.com/airport-commission/pdsc.



September 16, 2021 Meeting Minutes

Call to Order: Chair Overcash called the meeting to order at 3:35 pm

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

Public Comments: None

Consent Agenda

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

Pulled Items None
Consent Follow up None
Public Comments: None

Regular Agenda

4. TERMINAL 30% DESIGN PRESENTATION

In November of 2020, the Airport with assistance from the Cities went began a qualification based federal procurement process to select a team of professionals to begin design for the future airport terminal building. As a result, the Airport contracted with the most qualified team that consisted of Denver based engineering firm Dibble Engineering and Fort Collins based VFLA Architects to begin work on the 30% design of the Airport Terminal project. Since this time the project team have conducted four Charrette exercises obtaining feedback from airport stakeholders at every critical design step, with the goal of creating a sustainable iconic new facility that will serve as a new gateway to Northern Colorado air travelers.

During the fourth Charrette the Airport Commission reviewed 15% design schematics and provided direction to staff and the design team to move forward with the original phased design. The building at 30% design is 26,600 square feet, and includes high quality architectural themes and finishes. This item will share the new information about the terminal design to include the next steps in the process. At the October meeting the Airport Commission will be asked to provide the approval to move ahead with the next phase of design. This will include the recommendation to utilize a Construction Manager at Risk or CMaR delivery method which is a qualifications-based selection process



and a negotiated guaranteed maximum price. Staff and the design team will be working this month through next to create the request for statements of qualifications so that this can be solicited for proposals upon approval from the Commission to continue to move forward with completing the design.

Below is a chart that was shared as part of an updated meeting slide summarizing the 30% design cost estimates compared to the 15% design cost estimates.

Project Phase	15% Conceptual Design	30% Schematic Design	Cost Delta
Building	\$11,859,294	\$11,467,390	-\$391,904
FF&E	\$300,000	\$250,000	-\$50,000
Landscape and Patios	\$749,513	\$894,966	\$145,453
Net Construction Cost	\$12,908,807	\$12,612,356	-\$296,451
General Conditions - 6%	\$774,529	\$756,742	-\$17,787
Insurance Bonds - 2%	\$273,667	\$267,382	-\$6,285
Overhead and Profit - 3%	\$418,711	\$409,095	-\$9,616
Estimating Contingency - 5%	\$718,786	\$421,368	-\$297,418
Construction Contingency - 3%	\$452,835	\$434,009	-\$18,826
Cost Escalation (Q1 2023) - 7%	\$1,088,314	\$894,058	-\$194,256
On Costs	\$3,726,842	\$3,182,654	-\$544,188
Total	\$16,635,649	\$15,795,010	-\$840,639

Information above is from cost estimates provided by RLB Cost Estimators

Public Comments: None

**5. STRATOP VISION &
MISSION STATEMENT
ADOPTION**

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. The statements were reviewed again and a recommendation was provided for this item to help expedite the approval process. The mission statement was adjusted slightly by the Commission to remove a redundancy in the message. The recommended statements for the Vision is item A: "Northern Colorado Regional Airport...sparking innovative transportation and leading edge economic development, training, research and education throughout the region." and the Mission is also item 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 a magnificent Colorado."

Commissioner Arndt moved to approve the new statements as recommended with the deletion of the word "innovation" prior to business in the Mission statement. The motion, seconded by



Commissioner DiMartino passed carried with all the Commissioners present voting in favor thereof.

Public Comments:

None

**6. REVIEW RFP FOR HANGAR
REDEVELOPMENT**

At the June 17th Airport Commission meeting, a proposal from Fort Collins-Loveland jetCenter involving redevelopment of the Airport-owned T-hangars was presented. Airport stakeholders expressed concern with the proposal, resulting in the item being tabled. The Commission directed Airport staff and the Planning & Development Subcommittee (PDSC) to provide more opportunity for feedback and to examine potential options and solutions.

At the July 15th Commission, the item was considered for a second time. Stakeholder feedback gathered by email and from the PDSC meeting, considerations, and options were presented to the Commission. Airport Staff and the PDSC were instructed to create a request for proposals (RFP) for redevelopment of the Airport-owned T-hangars and development of new hangars in the area east of Lear Drive.

Airport Staff and the PDSC met on three occasions and feedback has been provided to create a draft RFP. Based on feedback from those meetings and the August 19th Airport Commission meeting, a third site has been added to the RFP. The site, which is located north of runway 6/24 and west of the Centre Point Business Park, has been identified as a suitable location for T-hangars or small box hangars, but lacks infrastructure.

**Proposed Evaluation Committee (PDSC except for Airport
Commission members)**

- Diane Jones – PDSC Citizen Member
- Troy Bliss – Senior Planner, Loveland Development Services
- James Hays – FNL Pilots Association President
- Josh Birks - Fort Collins Economic Health Director
- Jason Licon – Airport Director
- Aaron Ehle - Airport Planning & Business Development Specialist

Proposed Advertising and Selection Process Timeline

- September 16 – Airport Commission approval of RFP
- September 23 – Publish RFP (six-week advertisement)
- November 4 – Close RFP and record submittals



- November 5-19 – Evaluate and score proposals
- November 29-December 3 – Interviews/presentations with top scoring proposers
- December 6-10 – Evaluation Committee prepare final recommendation
- December 16 – Evaluation Committee recommendation to Airport Commission

Commissioner Arndt moved to approve the proposed RFP. The motion, seconded by Commissioner Adams did not pass due to the item being tabled for the discussion at the next meeting.

Public Comments:

Adam Woodward: Site B has been on the table for several months. Site C being a recent opening may also be of interest to the group of pilots I represent but just taking a look right now as pilots that want hangars we have some significant roadblocks to the development of site B that are very expensive as far as mitigating those right now. So just real quick looking at how the FAA designates the KFNL airport it is a non-primary commercial classification that is used by general aviation aircraft that have facilities capable of accommodating commercial services. Master Plan comment real quick moving on to the CARES Act funding we can see that the CARES Act funding \$16.8 million dollars has been designated for commercial 0% percent has been designated for general aviation and I just bring that up real quick, thank you for the time, but to list out some of the development expenses on site B. So site B we have the removal of Lear Drive there is also another Lear Drive from the 1950's parallel to it, there's two roads that would need to be disposed of one curb and gutter one just or two being asphalt the other one would be the traffic study if necessary and the extension of Cessna Drive to Lindbergh Drive um that cost of that Cessna road construction would be quite significant to anyone that wanted to use this site as development knowing that for example business on the north side was just going to do a turn lane was going to be a quarter million dollars so the extension of Cessna Drive to Lear Drive we expect to be somewhere in that same ballpark so that would be placed on the developer right now in the RFP there's no provision for any kind of concessions on development so that's one of the things we think is maybe not leading to site B being shovel ready current lease rate of \$0.31 a square foot that would be more of a shovel ready development right now the site has been reduced 100,000 square feet down to 60 I do think that is more in line with the first row of hangar development each hangar building being ten long is usually 12.3 thousand square feet so you put two together with some square footage with some apron and you pretty much get to 50 60 thousand foot for a row so in a row would be 20. Each row that we've gone through at the cheapest rate without any profit is about \$1.1 million dollars per building so equating to \$2.2 million dollars per row and of course \$4.4 million dollars for the original 100,000 square foot that was originally proposed. That is significant when you look at the we do have to have bonding and a bond to sustain that 100% of the investment. Site B also has excessive distance from the current hangar locations there is a fence that has to be removed there's drainage concern and the very south east corner of the old hangars is an unsatisfactory taxiway we'd have to do drainage conduit underneath the asphalt and then a development of the asphalt out to the east so again just another fee that adds to the expense of the development of site B. The other one is that the RFP



doesn't have any consideration or additions for the perimeter fence so the perimeter fence being FAA standard to surround site B with gate changes and installation was not included also so if that were to be the responsibility of the developer also again a more significant investment for those taking that leased land. Uhhhh what was the last one? and but and then I know we talked about the water tap. Currently right now a one inch water tap is running around \$100,000 dollars so a one inch water tap into the facility which then would be every 500 feet there would have to be one restroom so the one inch water tap would be required for this development and there's no concessions in the RFP right now to assist with the sewer or the water up into that location and that's what I guess that's what I have here. Just making a note I guess that the \$0.31 per square foot in the RFP as I look around the front range Colorado Springs has \$0.21 per square foot for shovel ready development and Greeley has no lease terms so when you do do a development you get the ground for the entire time so uh we were looking to amend the RFP if possible to extend the lease term to 35 years plus the three five years so at least that way we can obtain financing as the financier requires a 30 year loan uh the 25 year lease rate prohibits financing on that property as is. **Ehle:** Two corrections, RFP draft two stated there was a minimum lease rate of \$0.31 per square foot which was removed from the final draft. The Final draft only references that is our base rate for unimproved land and \$0.44 per square foot for improved land that would be shovel ready but we didn't say any proposals must meet any of those numbers. We did word the RFP vaguely on who would be responsible for the infrastructure requirements to see what suggestions we would receive from the private sector.

Licon: Once of the items has to do with the existing infrastructure and the infrastructure need to be able to serve the site that's certainly something we can include in the language of the RFP not necessarily requiring it as a development driven investment but it could be negotiated. I think having the flexibility of having a request for proposals the proposer could elect what they would want to do and base the negotiated rates on that. We've done that in the past. **Ben Gary, BA Group:** I just want to applaud the depth and breadth of that analysis he hit a homerun with that and also Commission Stooksbury the RFP might have optionality in there of sites B and C I think we have a compelling argument that there really isn't an apples to apples economic comparison to site A and site B. I would just want the Commission to recognize there really isn't an economic comparable for C either. So while we may be checking the box and saying there is optionality built in there really isn't due to economic drivers so the feasibility costs are through the roof as soon as you bring some of this infrastructure in. So to streamline what is already going to be a long process I would just push the Cities to maybe speak internally with the Airport and talk about what the two Cities are willing to contribute to these infrastructure costs just to get a more level field of RFP responses. **Jason Kopp, Blue Ocean Aviation:** Picking up from Commissioner Burgener's statement if there were any other sites that are possible not part of the subcommittee at this time, but the 20-year proposals if we're still looking at a parallel we still haven't extended off the main runway. Are there any sites that would be available off of Boyd that actually feed more of the smaller general aviation sector and drive some of that work down off of Boyd road and leave the other stuff for the bigger projects that will come within the next 20 years. I'm not familiar with the subcommittee's work on other site areas on the field. **Ehle:** We do have long term plans for a parallel runway to our main runway there is land available for aeronautical development out there. There's absolutely nothing out there right now, no roads, no infrastructure, no taxiways. **Licon:** Not really. One thing I do want to point out that we included site C but that was not a site we had received multiple interests in that was discussed previously. We also do include the entire airport development area within the RFP I believe. **Ehle:** Right. **Licon:** We have a reference that shows all the available property on the airport in the RFP as well if we have somebody that would like to develop on that west side that will hopefully be able to



capture some of that interest. **Ehle:** We would welcome any proposals on that side. We also have non-aeronautical opportunities out there. **Burgener:** is there access to the runway from the west side? Is that a big project? **Licon:** There is not. There is a parallel runway slated in that area but no infrastructure that exists.

Chair Overcash moved to approve table the item. The motion, seconded by Commissioner Stooksbury carried with all the Commissioners present voting in favor thereof.

9. Business for Members None

Adjournment: Meeting adjourned at 5:46 p.m.

Respectfully Submitted,

Vice-Chair, Tom Fleming

September 16, 2021 REGULAR MEETING SIGN IN SHEET

Please Print Your:

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NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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ITEM NUMBER: 2

MEETING DATE: November 10, 2021

PREPARED BY: Jason Licon, Airport Director

TITLE

Monthly Financial Statement for September & October 2021

RECOMMENDED AIRPORT COMMISSION ACTION

Accept the preliminary financial statement as presented

BUDGET IMPACT

Neutral

SUMMARY

The Airport's finances continue to remain positive and on track with expense and revenue budgets, and the Strategic Plan's financial sustainability goals. The financial highlights for the months of September and October include:

- Aviation business lease deferrals totaled \$100,852 for the period April 2020 – October 2021 with two companies using the program. These amounts are reflected within the Hangar Rental and Land Lease revenue line items. This program was extended to the end of year 2021.
- Crude Oil prices continue to rise after a brief plateau in August through mid-September:
 - September 1, 2021: \$68.59
 - October 1, 2021: \$75.88
 - November 1, 2021: \$84.05
- Wholesale fuel volumes were reported by JetCenter as follows:
 - September, 2019: 96,108, October, 2019: 99,308
 - September, 2020: 120,242, October, 2020: 111,443
 - September, 2021: 130,194, October, 2021: 140,458
- Fuel sales tax reimbursements from the State of Colorado take over one month to be processed and deposited into the fuel tax reimbursement account.

ATTACHMENTS

Preliminary monthly financial statement for September 2021

Preliminary monthly financial statement for October 2021



NORTHERN COLORADO REGIONAL AIRPORT

Airport Statement of Revenues and Expenses From 01/01/2021 to 9/30/2021

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	184,988	163,569	161,253	215,000	86%
FBO Rent	69,170	66,252	72,216	96,287	72%
Gas and Oil Commissions	146,622	72,798	123,750	165,000	89%
Aviation Fuel Tax Reimbursement	87,115	88,459	77,625	103,500	84%
State Aircraft Fuel Tax	69,411	61,864	65,250	87,000	80%
County Aircraft Fuel Tax	17,704	26,596	12,375	16,500	107%
Land Lease	278,228	244,099	225,000	300,000	93%
Land Lease PD Training Ctr	274,652	271,126	277,902	370,538	74%
Terminal Lease and Landing Fees	1,334	26,795	6,750	9,000	15%
Terminal Lease and Landing Fees	1,334	2,946	6,750	9,000	15%
Concessions	0	23,849	0	0	0%
Parking	330	2,590	7,500	10,000	3%
Miscellaneous	20,142	13,095	14,622	19,500	103%
TOTAL OPERATING REVENUES	1,062,580	948,783	966,618	1,288,825	82%
OPERATING EXPENSES					
Personal Services	478,245	480,803	538,055	734,737	65%
Supplies	50,457	45,714	63,756	85,000	59%
Purchased Services	283,553	361,872	486,126	648,149	44%
TOTAL OPERATING EXPENSES	812,255	888,389	1,087,937	1,467,886	55%
OPERATING GAIN (LOSS)	250,325	60,394	(121,319)	(179,061)	
NONOPERATING REVENUES (EXPENSES)					
Passenger Facility Charge	0	0	0	0	
Interest Income	22,525	37,260	37,503	50,000	45%
Capital Expenditures	(395,641)	(319,816)	(4,174,497)	(5,566,000)	7%
TOTAL NONOPERATING REVENUES (EXPENSES)	(373,116)	(282,556)	(4,136,994)	(5,516,000)	
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(122,791)	(222,162)	(4,258,313)	(5,695,061)	
Capital Contributions	343,570	409,334	4,865,256	6,487,000	5%
CHANGE IN NET POSITION	220,779	187,172	606,943	791,939	
NET POSITION, Beginning	16,591,600	17,180,973			
NET POSITION, Ending	16,812,379	17,368,145			
Investment in Capital Assets	13,627,748	14,657,231			
Net Position Available for use	3,184,631	2,710,914			



NORTHERN COLORADO REGIONAL AIRPORT

Airport Statement of Revenues and Expenses From 01/01/2021 to 10/31/2021

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	205,430	183,065	179,170	215,000	96%
FBO Rent	77,018	73,614	80,240	96,287	80%
Gas and Oil Commissions	171,045	84,857	137,500	165,000	104%
Aviation Fuel Tax Reimbursement	99,723	96,095	86,250	103,500	96%
Land Lease	311,149	272,325	250,000	300,000	104%
Land Lease PD Training Ctr	274,652	271,126	308,780	370,538	74%
Terminal Lease and Landing Fees	4,247	27,404	7,500	9,000	47%
Parking	330	3,925	8,330	10,000	3%
Miscellaneous	28,560	17,748	16,250	19,500	146%
TOTAL OPERATING REVENUES	1,172,153	1,030,159	1,074,020	1,288,825	91%
OPERATING EXPENSES					
Personal Services	527,165	529,188	594,329	734,737	72%
Supplies	54,282	54,899	70,840	85,000	64%
Purchased Services	306,852	391,816	540,140	648,149	47%
TOTAL OPERATING EXPENSES	888,299	975,903	1,205,309	1,467,886	61%
OPERATING GAIN (LOSS)	283,854	54,256	(131,289)	(179,061)	
NONOPERATING REVENUES (EXPENSES)					
Passenger Facility Charge	0	0	0	0	
Interest Income	16,672	45,252	41,670	50,000	33%
Capital Expenditures	(747,209)	(319,816)	(4,638,330)	(5,566,000)	13%
TOTAL NONOPERATING REVENUES (EXPENSES)	(730,536)	(274,564)	(4,596,660)	(5,516,000)	
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(446,683)	(220,308)	(4,727,949)	(5,695,061)	
Capital Contributions	343,570	441,780	5,405,840	6,487,000	5%
CHANGE IN NET POSITION	(103,113)	221,472	677,891	791,939	
NET POSITION, Beginning	16,591,600	17,180,973			
NET POSITION, Ending	16,488,487	17,378,596			
Investment in Capital Assets	13,627,746	14,657,229			
Net Position Available for use	2,860,741	2,721,367			

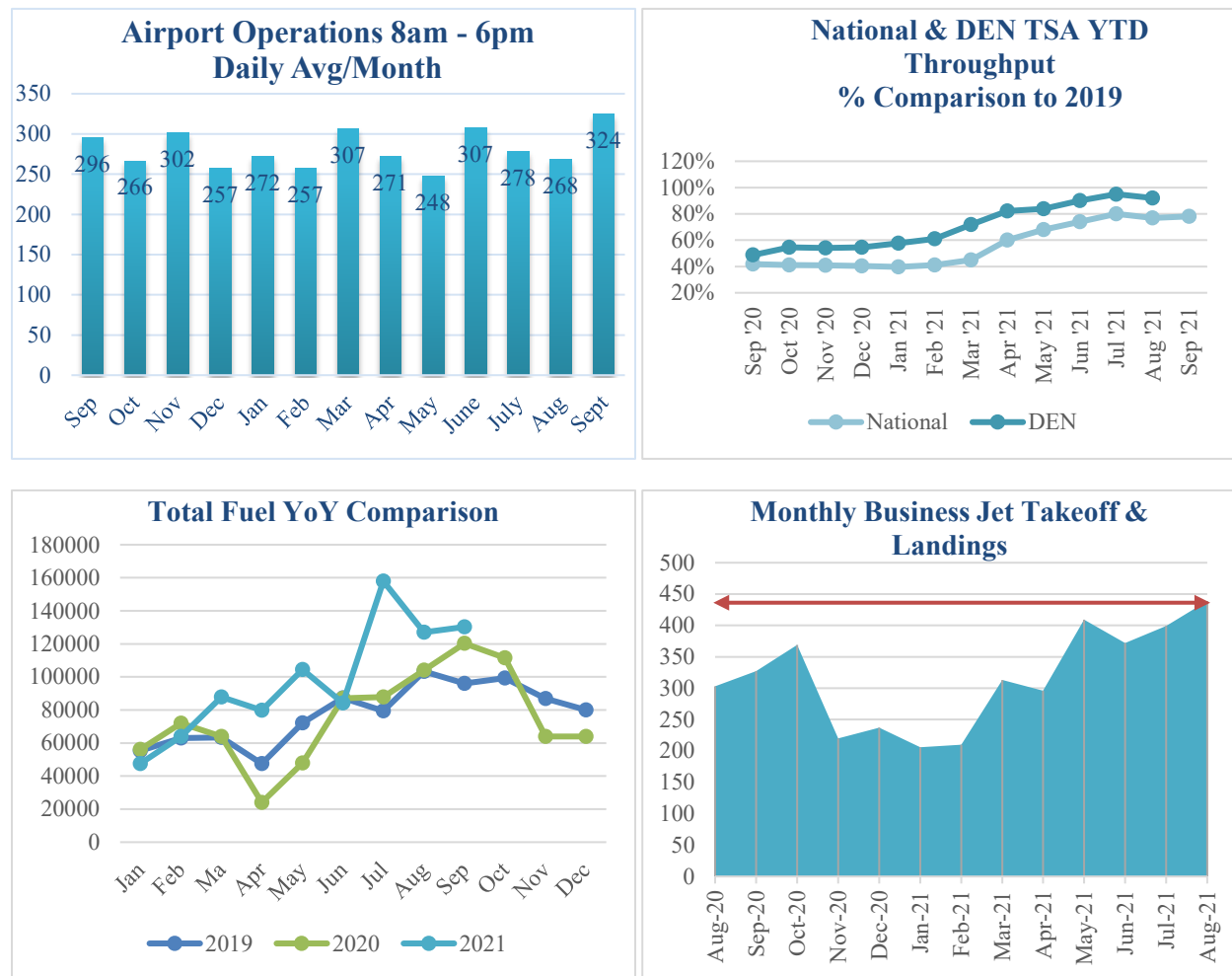


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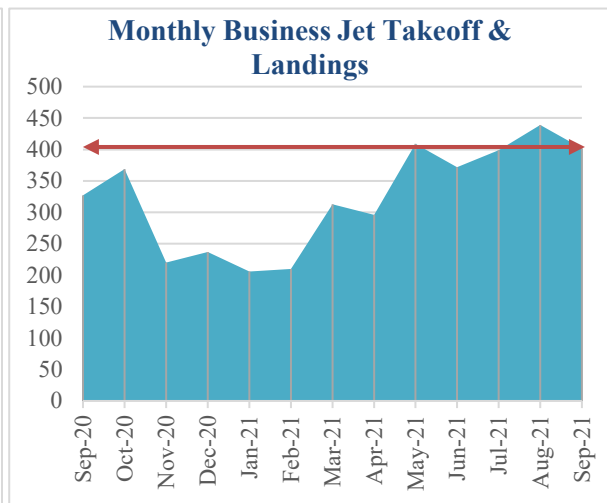
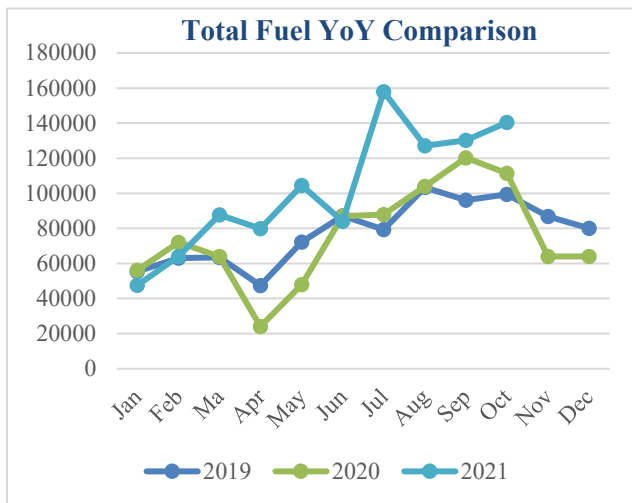
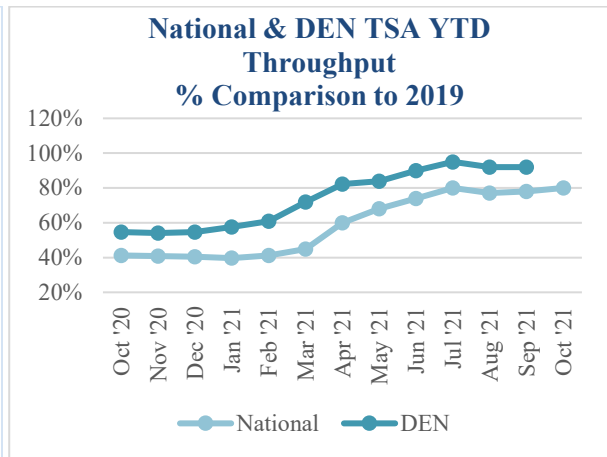
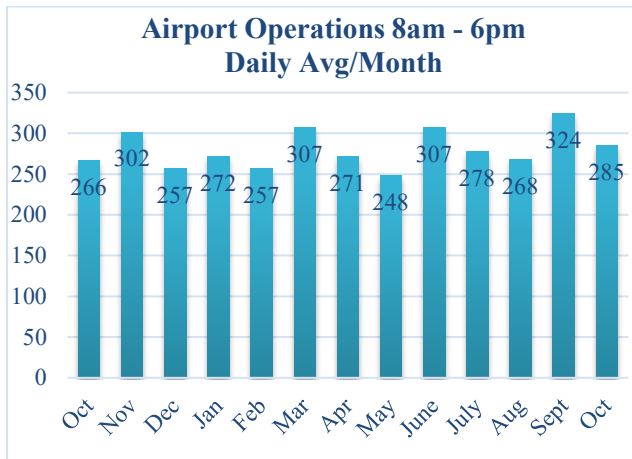
DATE: November 5, 2021
TO: Northern Colorado Regional Airport Commission
FROM: Jason R. Licon, Airport Director
RE: Airport Monthly Report September and October Combined

September Airport Activity Dashboard



October Airport Activity Dashboard

The Air traffic control tower reported a daily average of 285 flight operations per day in October, which is a significant increase from the twelve-month average of 281. National airline passenger throughput further increased, total numbers increased to 80% compared to October 2019 which was as slight increase from September. The percentage of airline travel is still mostly reflecting leisure travel activities, with business travel slowly growing compared to pre-pandemic levels.



Denver International Airport is still exceeding the national average through September, with passenger counts staying at 92% when compared to 2019 levels. October wholesale fuel orders increased by 26% as compared to 2020's numbers. Fuel sold by the FBO for October was 140,458 gallons. Business jet activity for the month of September (FAA data lags one month) compared to the same month last year increased by 19.6%.

Avelo Airlines



A welcoming ceremony was held for Avelo Airlines' inaugural flight for the Burbank, CA route on Wednesday October 6th. The following week Avelo announced a second route from FNL to Las Vegas, NV a location that has always received the most request from the public. The Las Vegas route will operate also twice weekly the same days of the Burbank route. Both markets have demonstrated good historical demand by local residents and have been received with much excitement. Thanks to everyone that was able to attend the welcome event.



Commercial Apron & Taxiway E Project

The very fast paced \$3.2 million apron and taxiway expansion project was completed during the past two months. All of the major paving work was completed by the start of air service and just in time for the airshow. Final tests are being conducted to verify strength of the installed materials and punch list items will be completed the first week of November. The project created a new taxiway access to the aircraft parking apron for larger aircraft, and provides for a total of three parking stalls for Boeing 737/ Airbus A320 series aircraft for the future terminal building. Below is a photo of a Sun Country Boeing 737-800 being operated for the Colorado State University Football next to a scheduled Avelo Airlines Boeing 737-700 using the new side of the commercial parking apron.



The Great Colorado Air Show

Airshow training and the event occurred October 16-18 and was a great success. Approximately 30,000 spectators, and hundreds of staff, vendors, and volunteers attended during the two-day event. The amount of economic impact that this will provide to the area will be measured in the millions of dollars.





The event would not have been a success without the many individuals and organizations that all worked together to make it happen. The Airport would like to recognize and thank the following organizations that were involved:

<ul style="list-style-type: none"> • Aims Community College • Airport Hangar Owners and Tenants • Airport Staff • Airshow Network • Avelo Airlines • Black Eagle Fence Company • Blue Ocean • Bohemian Foundation • Boyd Lake Self Storage • Byrd Drive LLC. • Centerpoint Business Park • Civil Air Patrol • CDOT Region 4 • City of Fort Collins • City of Loveland • Code 4 Security • Colorado State Patrol • Embassy Suites Loveland • Enterprise Car Rental • Fort Collins – Loveland JetCenter • Fort Collins Police • Fort Collins Emergency Services • Front Range Fire 	<ul style="list-style-type: none"> • Greeley Fire • Loveland Fire & Rescue Authority • Loveland Police Department • Loveland Public Works • Loveland Office of Communication & Engagement • Larimer County Sheriff • Larimer County Emergency Services • Landmark Event Staffing • Mountain View Farm • Next Phase Engineering • Northern Colorado Law Enforcement Training Center • Nutiren • Thompson Valley EMS • Trans Aero Helicopter • Poudre Fire Authority • United Airlines • United States Marine Corps • United States Navy • United States Air Force • Umbrella Entertainment • Walker Manufacturing • Windsor Severance Fire
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Remote Tower Update

The wait continues for the FAA to be able to travel to begin the certification process for the Remote Tower. Optimism has surfaced in the agency with some new executive orders from the President that will require FAA employees to become vaccinated. Additionally, Airport staff and the Colorado Aeronautics Division continue to work to attempt to elevate the project through legislative action. I am happy to report that on October 18th the US Senate released the remainder of the 2022 appropriations bill for the subcommittees that includes Transportation, and specifically Aviation. Within the bill it includes provisions for our Remote Tower specifically and puts pressure on the FAA to get the certification process moving forward to certify our project. Within the overview and bill summary it includes the following provision:

Remote Towers.—The Committee recommendation includes \$4,900,000 for remote towers, which will be used to fund contract controllers for type certification at Leesburg, to complete the active testing phase of the operational evaluation at Fort Collins, and to begin the validation and verification at Fort Collins. While the Committee commends this development, it remains concerned by delays in finalizing minimum operating standards and other requirements necessary for certifying remote tower equipment. The Committee directs the FAA to submit a plan and schedule for type certification of this system no later than 90 days after the enactment of this act. The plan and schedule should focus on accelerating type certification for the safe operation of remote towers and identify any challenges the agency faces in doing so.

This Senate bill language will certainly encourage the FAA to make the Remote Tower Certification a priority. It also appropriates additional funding to ensure that this project is successful. For more information on this bill visit the following website:

https://www.appropriations.senate.gov/imo/media/doc/THUDRept_FINAL.PDF

Specifics on this language can be found on page 36. This appropriations bill does have to go to the next step, which is to align the Senate's version with that of the House when released. I am hopeful that this provision remains in the final version of the bill that is eventually signed into law. Please reach out to our Senators and thank them for their support if you have the opportunity.

On a related note, next month federal government employees (including those of the FAA) will be required to be vaccinated to comply with an executive order. This vaccination mandate, effective November 22, is anticipated to provide reduced travel restrictions for FAA employees. It is our hope that the FAA will be coordinating the restart of the Remote Tower testing and evaluation as a result of this mandate very soon. More information on this executive order can be found at the following website: <https://www.saferfederalworkforce.gov/>

Discovery Air Corporate Aviation Campus & FBO Announcement



The Discovery Air team selected Million Air as the FBO to operate at the complex that is completing its first phase of development. The first hangar is expected to open in late 2021 and according to the team is fully rented. A timeline for the second phase of the

development is to construct another 30,000 square foot facility that will double the space and add a two story FBO terminal where Million Air will operate. Million Air is a company that has locations throughout the United States and abroad. For more information on Million Air visit their website at www.millionair.com

Ground Transportation and Rideshare Agreements

Staff is working on ground transportation contracting and procurement agreements for a variety of ground transportation providers. Car rental has been a priority with the new air service start, and staff has met with multiple car rental companies to gauge interest in providing their services in the terminal building. As a result of these meetings and the start of airline service two companies have shown interest and will be working with them to create agreements on an interim basis until the new terminal facility is constructed.

Staff is working to develop agreements with ride share companies. Lyft and Uber the two largest of these have agreed to enter into a contract with the Airport that will entail the creation of higher quality services and airport specific information on their applications. It will also provide for per ride payments to the Airport to operate on a per trip basis. This will be an additional service to further enhance ground transportation available at the Airport and will help further the Commission's goal of creating a multi-model transportation hub.



Taxilane Repairs

In the August report staff reported the \$450,000 rehabilitation of failing taxiways Northrop, Staggerwing/Beechcraft, and Stearman is no longer available due to the pandemic impact on State funding. Since that report Stearman taxiway has completely failed and an emergency repair must be completed in order to ensure it remains operational. The estimated cost for the patch until pavement rehabilitation and reconstruction is funded is \$34,575.



Other Items of Interest

- An airport emergency plan review and tabletop exercise were conducted on September 22 and was focused on potential risk from the airshow event, and to ensure FAA compliance with reviewing and updating the Airport's emergency plan. This was conducted with help from Loveland Fire and Rescue Authority, and other participants including Loveland Police and other mutual aid emergency service providers including Windsor-Severance Fire, Poudre Fire Authority, Thompson Valley EMS, and Loveland Dispatch. The full-scale emergency exercise event is held every three years and the next will be conducted in September 2022.
- Preparing for the start of regularly scheduled air service are being made with the new airline, and others that have been hired to assist with the service start. Avelo Airlines has completed installation of the networking needs for their IT infrastructure needed for issuing and processing tickets at both their ticket counter and at the gate boarding area.
- In order to have adequate staffing for the start of airline service, management has posted an operations and maintenance technician position that had not been filled since the start of the pandemic. This staff member will assist with compliance with federal regulations for safety and security and will help with achieving these requirements from a five day a week to a seven day a week schedule.
- Work still is progressing with TSA and United/Landline to begin a secure to secure service offering between FNL and DEN. Landline and United are working with TSA to have this service in place prior to the holiday travel season.
- TSA security is now requiring that the Airport have greater control over access onto the airport through privately owned buildings and facilities that have exterior access points. Security staff have been working with these private hangar owners and airport businesses on updating the airport's security plan to include these provisions.
- On October 7th a single engine aircraft crashed on County Road Boulevard and Byrd Drive just adjacent to the south end of the airport. Fortunately, Airport Operations staff were in the area responding within minutes of the crash and help first responders ensure the safety of the public. The pilot and passenger were able to walk away from the accident with minor injuries.
- Staff reissued over 800 airport access badges in September & October. This process is a hands-on TSA mandated regulatory requirement, and takes many hundreds of staff hours to prepare and update all of these airport access cards and keep critical private personal information secure.

Attachment

1. WEPA Remote Tower Project Manager Report for September
2. WEPA Remote Tower Project Manager Report for October
3. PDSC Minutes – September
4. Avelo articles
5. Great Colorado Airshow articles
6. Draft PDSC Minutes 10-27-21



September 30, 2021

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

Section A – Remote Air Traffic Control Contract Progress Report #03

Re: Period: September 1 through September 30, 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	Complete
Remote Tower STARS Display	3/15/2022	4/1/2022	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			
Serco Controller Staff Remote Tower	10/1/2021	4/1/2022	Serco preparing staffing plan
Phase 1 - Passive Testing	TBD	TBD	
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	TBD	TBD	Subject to FAA Phase 1 SRMD Signatures
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Phase 3 - Validation & Verification	TBD	TBD	Subject to FAA Phase 2 SRMD Signatures
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Operational Viability Decision (OVD)	TBD	TBD	
Phase 4 - Post OVD Validation & Verification	TBD	TBD	Subject to FAA Phase 3 SRMD Signatures
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:

The COVID situation in Larimer County continues to throw a curveball into the Phase 1 testing schedule. The second session testing scheduled to begin on September 8, 2021, and ending on

September 16th, was postponed due to increasing COVID numbers in Larimer County. It was hoped that we would be able start Phase 1 testing later this year. The issues facing rescheduling the testing this calendar year, aside from the COVID risk level in Larimer County, is the approaching holiday season which always disrupts programs and Headquarter Subject Matter Experts (SME) are indicating they have “use or lose” vacation. For these reasons, the NextGen Program Manager is suggesting Phase 1 testing be postponed until March or April 2022. This would further delay our program which has been the victim of the FAA giving priority to the remote tower project at the Leesburg Executive Airport (JYO). There is a slim hope that perhaps we could move forward this year with in-person Headquarters SME testing based on the mandate by the Secretary of Transportation that all FAA employees be fully vaccinated by November 22, 2021. Two things that are of interest to note are 1) a fair percentage of NextGen and their contractors as well as the SME have already been vaccinated; and 2) that the FAA personnel are traveling on personal time to visit families and go on vacations. It is my intention to prosecute the idea that since the necessary resources are or shortly will be fully vaccinated, we should be able to begin Phase 1 testing this year with FAA Headquarters.

As a fallback position to in-person testing, at the height of the pandemic last year (6-16-20) we proposed to NextGen and Air Traffic a virtual testing scenario utilizing local FAA resources from Denver Tracon, Denver Center or ATCT with recent VFR ATCT experience to witness Phase 1 testing as trusted observers. At the time this proposal was rejected by Air Traffic as they preferred using their own people that report directly to Headquarters as SME. While this position was understandable, it was disappointing and not beneficial to the project. Recent discussions lead me to believe that the requirement to use Headquarter SME may have softened and there may be an opportunity to reopen discussion of the proposal.

To move forward, we proposed an interim strategy that would have Serco controllers staff the remote tower facility on a regular weekly although limited basis. See the proposal below:

Proposed Interim Testing/Evaluation Remote Tower Activity at FNL

Proposal:

Serco controllers staff the remote tower facility for 3 hours per week per controller. The schedule will be determined by the ATM based on resource availability and work schedule.

Benefits:

1. Maintain individual controller proficiency with system operation in advance of Phase 1 testing;
2. Exercise and monitor firsthand in real time system operation;
3. Compile list of suggested system changes, operational procedures, and potential future system enhancements.

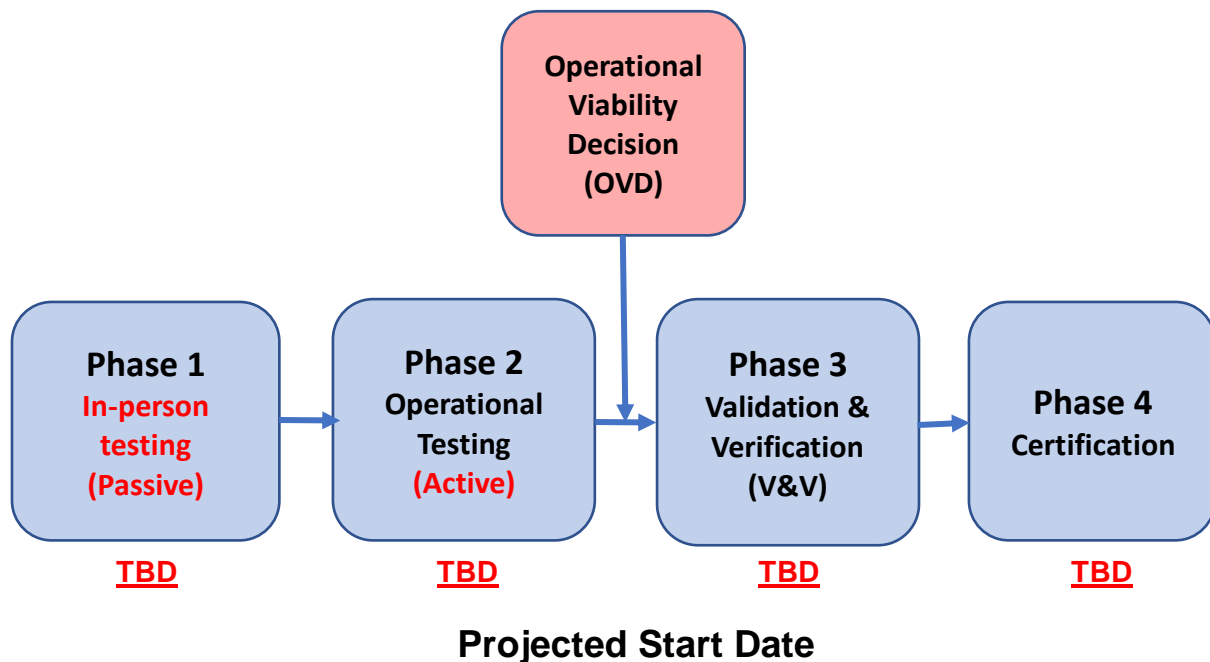
Controller tasks to be completed.

1. Operate system components:
 - a. PTZ
 - b. Track aircraft using signal light gun PTZ
 - c. Preset camera views
 - d. Voice switch – intercom function with mobile ATCT
 - e. Panning of the local air space and on the airport surface using:
 - i. 360° camera array

- ii. 220° end camera arrays
- f. Day and night views
- g. Etc.
- 2. Functional evaluation:
 - a. Detect aircraft in the local airspace;
 - b. Identify aircraft in the local airspace;
 - c. Ability to provide runway separation:
 - i. Solely by reference to visual displays;
 - ii. Video displays augmented with the ASD;
 - d. Detect possible conflicts in the local airspace;
 - e. Detect landing gear configuration using:
 - i. Video wall;
 - ii. Controller working position monitors – approach/departure path zoomed view;
 - f. Correlate position of aircraft by visual observation and using the ASD;
 - g. Detect aircraft in the aircraft movement area;
 - h. Identify aircraft in the movement area;
 - i. Determine relative position of aircraft in the movement area and on the runway;
 - j. Efficacy of the Video wall and the monitors at the controller working positions;
 - k. Ability and ease of the system to provide Class D airport services to support runway separation.

This proposal has been accepted by NextGen and Serco and will be implemented in the next few weeks. This is good news, beside the obvious benefits, is it opens the door for more aggressive testing in the future. Now we just need to get them to follow through and implement the activity.

Proposed Remote Tower Testing Phases:



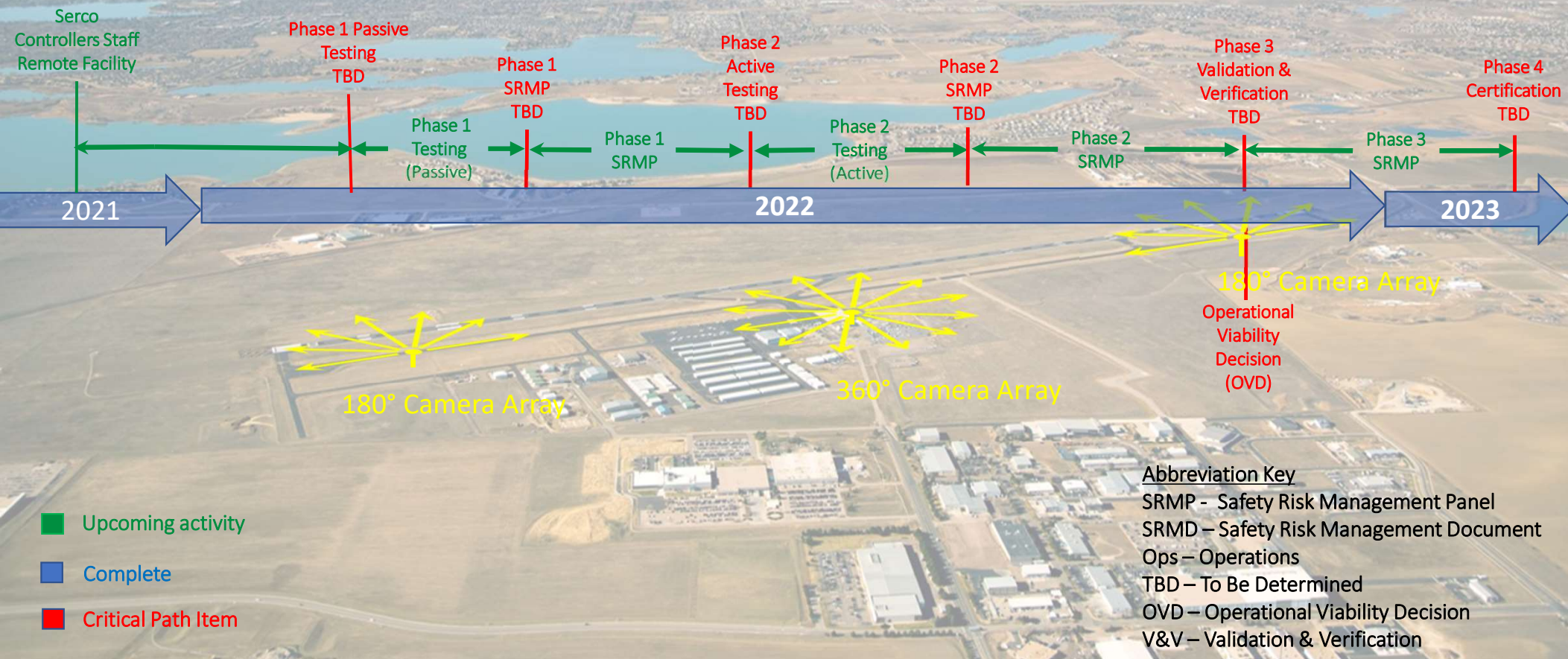
*Dependent on local resources' ability to travel to FNL

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.

The Director of Aeronautics, the Northern Colorado Regional Airport Manager and I will be meeting the Senator John Hickenlooper's Washington staff via zoom on Thursday, September 30, 2021, and with his local staff in person at the remote tower facility on October 7, 2021. The purpose of these meetings is to acquaint the Senator with the Program and, as he is on the Commerce Committee in the Senate, to explain our dilemma regarding program delays.

Colorado Remote Tower Timeline (Draft)





October 30, 2021

From: William E. Payne, P.E.

To: Colorado Division of Aeronautics

Section A – Remote Air Traffic Control Contract Progress Report #04

Re: Period: October 1 through October 30, 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	Complete
Remote Tower STARS Installation	9/27/2021	10/21/2021	Complete
Remote Tower System			
System Upgrade - Tech Refresh	In-Progress	TBD	Continuing
Video Grabber Playback System	9/27/2021	10/8/2021	Complete
Remote Tower Testing			
Serco Controller Staff Remote Tower	10/1/2021	4/1/2022	Serco preparing staffing plan
Phase 1 - Passive Testing	1/18/2022	2/17/2022	Tentative based on Larimer Co. COVID risk Level
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	TBD	TBD	Subject to FAA Phase 1 SRMD Signatures
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Phase 3 - Validation & Verification	TBD	TBD	Subject to FAA Phase 2 SRMD Signatures
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Operational Viability Decision (OVD)	TBD	TBD	
Phase 4 - Post OVD Validation & Verification	TBD	TBD	Subject to FAA Phase 3 SRMD Signatures
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:

While testing of the Colorado Remote Tower system continues to languish due to FAA prioritization of the Leesburg (JYO) remote tower project and the COVID pandemic, some important progress is being made installing new equipment that will support testing and operation. Installation of two new components to the system are the Standard Terminal Automation Replacement System (STARS) radar display and "Video Grabber" which have been completed. The STARS will replace/augment the radar display integrated into the system based on data from System Wide Information System (SWIM) and the "video grabber" will support replay of the video display and voice at a replay facility currently being constructed at the FAA's contractor's facility in Washington.

The STARS radar display will provide the controllers situational awareness via an FAA certified system. The STARS will also provide minimum safe altitude warning (MSAW) and conflict alert functions that are not in the SWIM driven radar display system. The certified situational awareness provided by the STARS will be an extremely beneficial operational component of the remote tower system. Installation of the STARS may come with the requirement to remove the radar tagging on the video displays. The radar tagging on the video displays is a tremendous aid to the controllers by drawing attention to traffic location on the video displays analogous to a heads-up display (HUD). We continue to advocate for retaining this functionality as an additional situational awareness tool. We have also been encouraging Searidge to have the distance from the airport to the displayed SWIM target added to the data block on the video displays, thus providing relative aircraft location in addition to altitude.

The "video grabber" replay system records the video from the two displays on the controller working position and the Human Machine Interface (HMI) control panel at each position. The recorded data is retained for 45 days and then is automatically purged if transferred to another medium for replay. We have been investigating the possibility of sending the data live to the replay facility in Washington as an alternative way of testing. The three concerns that face this idea are latency, willingness of the FAA to accept this concept and cost. The latency can be reduced by buying more bandwidth. The cost of shipping this data to Washington over a secure data link begins at \$5,000/month with a one year minimum. The FAA accepting a truly remote testing procedure faces some significant hurdles. It is hoped that these impediments might be overcome.

There seems to be some reason for hope that we may be able to accomplish Phase 1 testing in January 2022. The NextGen Office has submitted a request that our NATCA Article 114 representative be available beginning January 18, 2022. The major obstacle to in-person testing continues to be the COVID risk level in Larimer County which continues to remain red (high). We are still hopeful that if FAA Headquarters Subject Matter Experts cannot or will not travel to FNL, we can use local resources. I have discussed this possibility with the managers of both Denver Tracon and Denver Center who have indicated that if Air Traffic were to agree, they feel optimistic they could find volunteers with VFR tower experience among their management staff to act as "trusted observers" during Phase 1 testing.

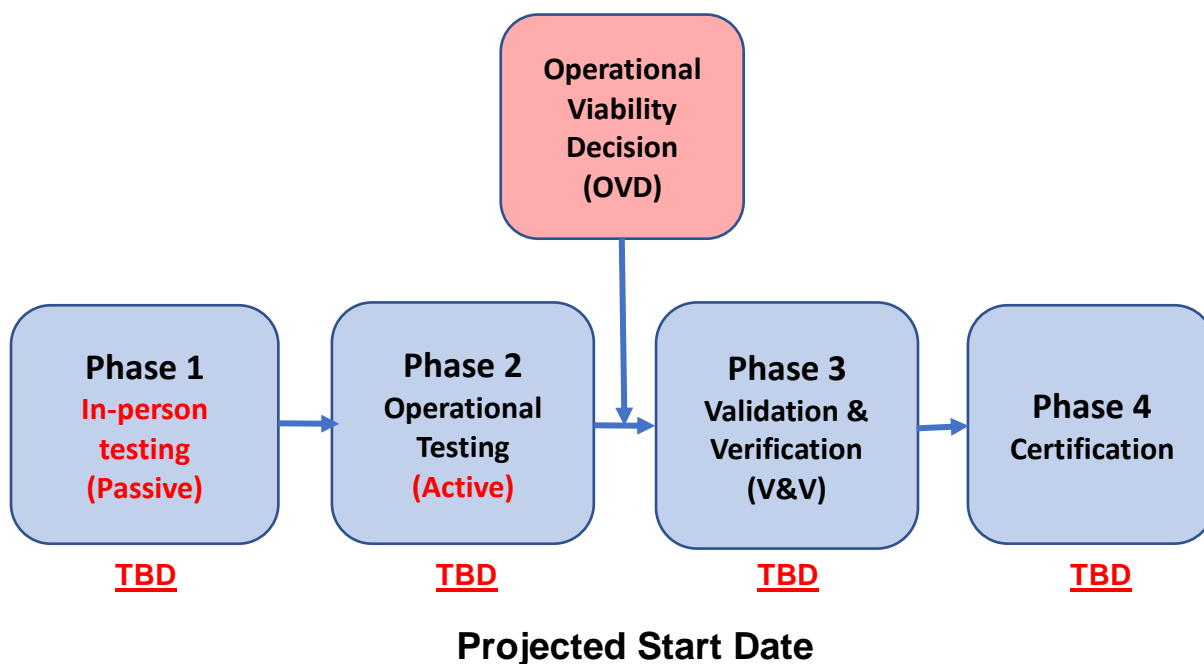
The remote tower system at the Leesburg Executive Airport (JYO) has received Operational Viability Decision (OVD) from Air Traffic, although it has not been made official as of this writing. The draft OVD contains some requirements that are specific to JYO; for example, the system operation is limited to a single runway of 5,500' length. As you know, the Colorado Remote Tower Project at FNL has two runways; Runway 15-33, the main runway, is 8,500' in length.

When the Colorado Remote Tower Project system achieves OVD it will require a substantially expanded Operational Concept from that at JYO due to additional complexity of the airport.

Adding to the complexity is that FNL is a commercial service airport while JYO is a General Aviation airport.

Included in this report are two exhibits. The first shows the testing history of the Colorado Remote Tower Project and the second is a tale of two remote tower projects or a comparative history of the FNL and JYO projects. The comparative history exhibit depicts the Colorado Remote Tower progress from its inception in 2013 up until today on the top of the graphic, and the Leesburg Executive Airport Project along the bottom.

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.

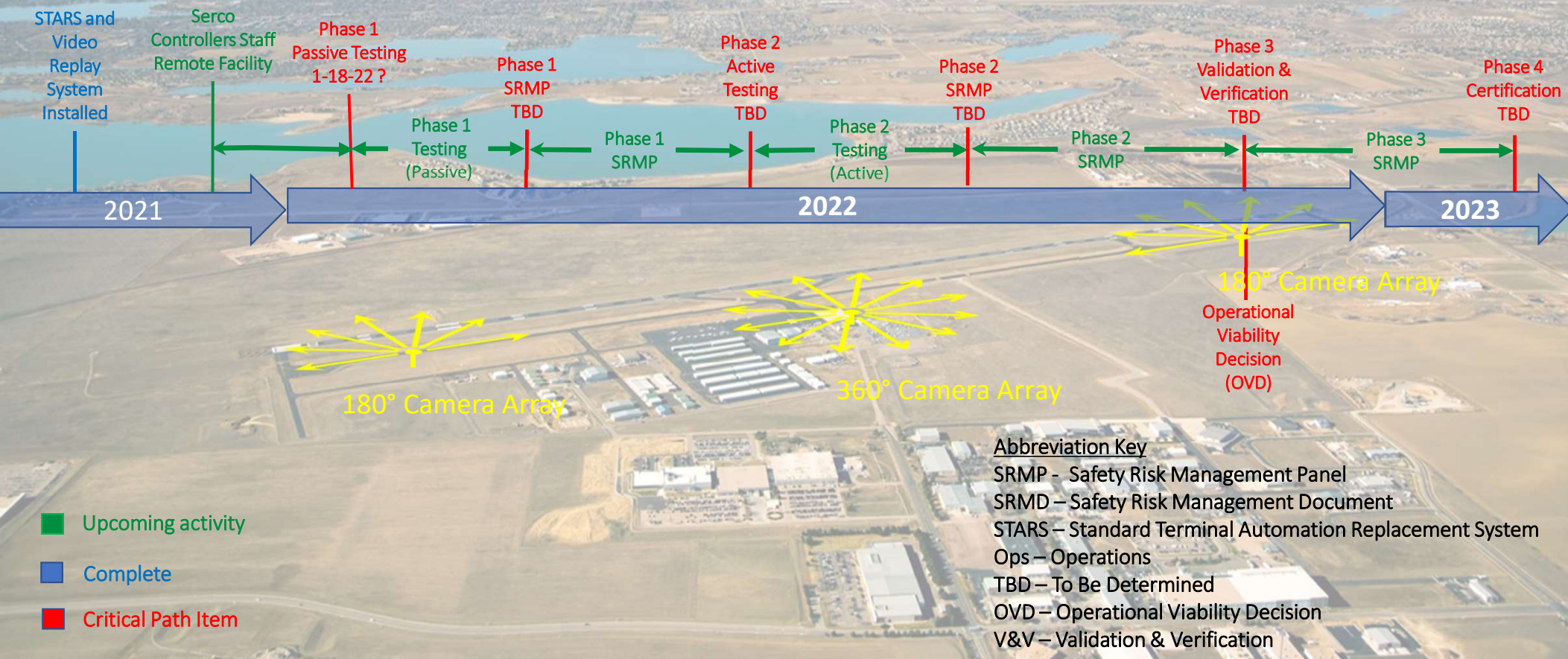
Note: The FAA has replaced the term Initial Operating Capability (IOC) with Operational Viability Decision (OVD). This may change again as the terminology of remote tower certification is in flux.

The Director of Aeronautics, the Northern Colorado Regional Airport Manager and I were scheduled to meet with Senator John Hickenlooper's and Senator Michael Bennet's local staff at the remote tower facility Thursday, October 28, 2021. The purpose of this meeting was to acquaint the Senators' staff with the Program and the progress or lack thereof. While Senator Hickenlooper's staff was not able to attend, we did meet with Senator Bennet's staff. A draft of a Congressional Delegation letter has previously been presented to Senator Hickenlooper's local staff for review. The hope is to get the entire Colorado Congressional Delegation to sign this letter,

which is addressed to the FAA Administrator and COO. The letter explains the delays encountered and requests assistance in moving the program forward to ultimate certification.

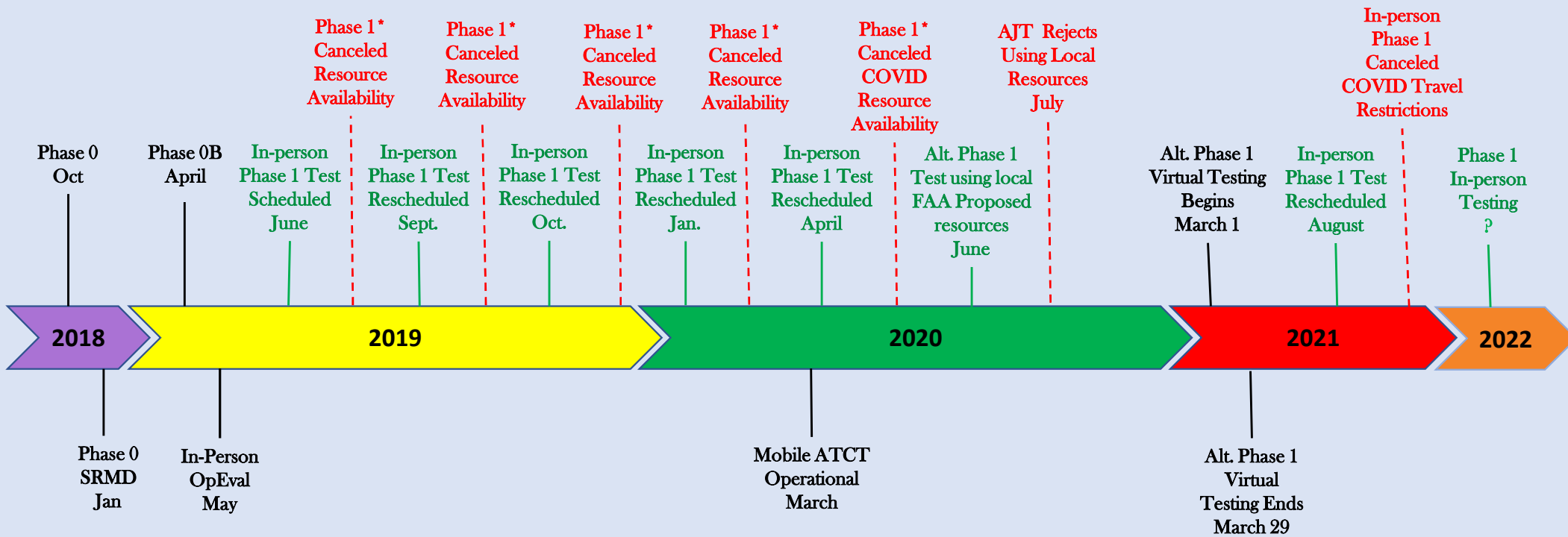
REMOTE TOWER PROJECT PROGRAM MANAGEMENT

Colorado Remote Tower Timeline (Draft)



Colorado Remote Tower Project

Testing History



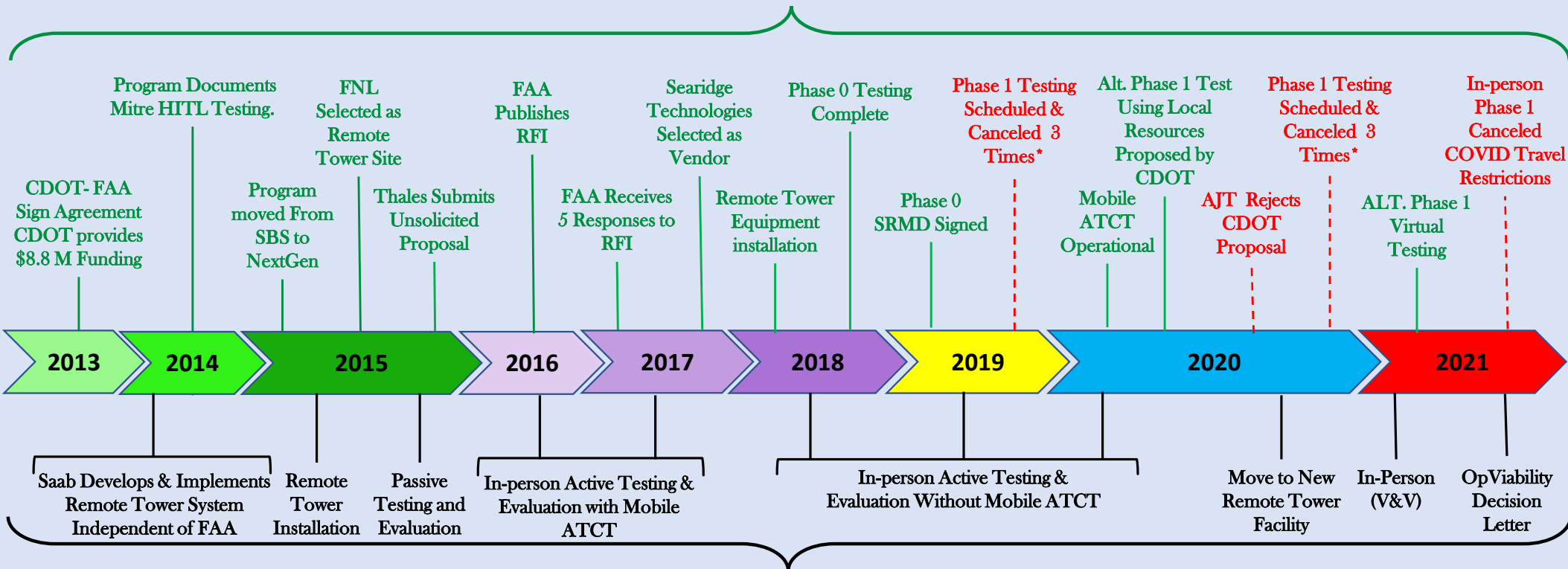
* Resources allocated to JYO

SRMD – Safety Risk Management Document
OpEval – Operational Evaluation
AJT – Air Traffic

FAA Remote Tower Projects

Timeline Comparison

Colorado Remote Tower Project Timeline



Saab Remote Tower Timeline

FNL - Northern Colorado Regional Airport
 JYO - Leesburg Executive Airport
 RFI - Request for Information
 SRMD - Safety Risk Management Document

* Resources allocated to JYO
 AJT - Air Traffic
 V&V - Verification & Validation
 Op Viability - Operational Viability

MEETING RECORD

Page 1

DATE: 9/22/2021
TIME: 3:00-5:12 PM
RE: Planning and Development Subcommittee Meeting (PDSC)
ATTENDEES: Tom Fleming, Diane Jones, Troy Bliss, Jason Licon, Aaron Ehle, James Hays, John Howell, Conrad Cichos, Curt Burgener

Begin Meeting Record 9/22/2021

Agenda Item #1: Meeting Minutes – August 25th & September 9th

- The meeting packet includes the minutes for August 25th, but the ones for September 9th are not done yet. The minutes from both sessions will be circulated by email. Please review the minutes, let Aaron know if there are and questions, corrections, or additions, and indicate approval of the minutes by email.

Agenda Item #2: Hangar Development Proposal – 5261 Gulfstream Ct

- The developer, John Howell is currently constructing a 185' X 61' 3-unit hangar building (Phase 1) on the lot east of Trans Aero Helicopters.
- Mr. Howell is proposing to construct an additional 4-unit, 160' X 120' = 19,242 square foot hangar building (Phase 2) to the east of the building that is under construction.
 - The hangars will have 62' wide X 19' tall doors.
 - 2 units will open to the west and 2 will open to the east
 - All units will have their own restrooms. Separate restrooms within a single building can share water and sewer taps.
 - Aesthetically, the building and landscaping will be very similar to the phase 1 building. The buildings will be the same color and have the same wainscoting.
 - Phase 2 construction is anticipated to begin next spring.
 - By including roadside access, the owners/tenants of the hangars will be subject to additional security requirements by TSA. Several other hangars in the area also have roadside access.
- Both phases are aligned with the Master Plan and make efficient use of the available land.
- A condominium association will be created that will manage all 7 units and govern the maintenance of the exterior of buildings and shared infrastructure. This will provide one point of contact for the ground lease with the Airport. There are several other condominium associations at the Airport.
- The normal procedures for leasing land have been followed with this lot. This lot has been marketed for several decades. There have been inquiries about this lot in the past, but staff are not aware of any other parties that are currently interested in leasing it.
 - Staff believes requests for proposals (RFPs) should apply to lots with multiple interested parties or for lots where we are seeking a specific business use. It would be helpful to develop an official policy regarding RFPs with direction from the Airport Commission.

MEETING RECORD

Page 2

- **Diane made a motion to recommend approval of the land lease to the Airport Commission. The motion, seconded by Tom, passed unanimously.**

Agenda Item #3: StratOp Update

- The mission and vision statements were approved at the last Airport Commission meeting.
- The StratOp contract includes a ½-full day work session with Stacey Pearson to maintain momentum and operationalize the plan. This session would be a good opportunity for us to create a strategic work plan for 2022.
- If we conduct this session without the Airport Commission, we may run the risk of creating a work plan won't be fully supported.
 - In order to create a solid work plan, we likely need more direction from the Commission.
- With two new Airport Commission members who were not present when we held the StratOp in February, we may want to include them in this session. It would be a good opportunity to educate them about issues that affect the Airport.
- We have the 2020 Master Plan, 2018 Strategic Plan and the 2021 StratOp that haven't been fully integrated with each other. It may be a better use of time to attempt to mesh these plans together rather than focusing only on the StratOp.
 - The PDSC work plans that were created from the 2018 Strategic Plan were useful and helped to focus staff time and energy on high priority items. With the level of staffing and funding the Airport has, it seemed that good progress was being made.
 - Communicating progress can be difficult because the Commission is inherently focused on the future, but we need to find ways to provide status updates on our accomplishments and the challenges we're facing.
- The output of the recent strategic planning sessions seems overly ambitious in relation to the resources the Airport has. Without appropriate staffing and funding, it's going to be difficult to achieve many of the strategic goals/objectives that we have identified.
 - We need to be more realistic about what we can achieve. Putting our time and energy into one or two priority items would probably be more productive than trying to take on a wide-ranging work plan that pulls us in too many directions.
 - The PDSC needs to be able focus on the planning and development related issues that it was created to respond to. Most of the members of the PDSC are extremely busy and can't commit to longer or more frequent meetings, so we need to be cautious of how much we take on in relation to the Strategic Plan/StratOp.
 - The CARES act funding has provided a golden opportunity for us to build a new terminal. Getting the terminal right and attracting/maintaining commercial air service should be top priorities. Success in these areas will impact a lot of the other things we talked about in the StratOp.
 - An updated staffing plan for the Airport is in the final stages of development.

MEETING RECORD

Page 3

- The infrastructure and reconciliation bills in congress could increase funding for the Airport, but there isn't much clarity at this point.
- A subset of PDSC members will meet in the prior to the next PDSC meeting to create a framework for integrating the existing plans and to collect some ideas on how to make another strategic session most valuable.

Agenda Item #4: Hangar Development RFP Update

- The Airport staff presented the draft RFP at the September 16th Airport Commission meeting.
 - Members of the Commission raised questions about the appropriateness of building T-hangars in the area between Lear Drive and Lindbergh Drive (Site B), as shown in the Master Plan, and inquired about alternate sites.
 - Staff requested Commission members provide the PDSC with ideas or concepts of how Site B could or should be developed.
 - The item was tabled without any formal direction being given and will be considered again at the October meeting.

Agenda Item #5: West Airport Conceptual Plan

- Airport staff have had some conceptual discussions with Lance Fitzgerald, owner of Boyd Lake Self Storage (BLSS), which is located adjacent to the southwest area of the Airport, and David Eisenbraun of Terra Firma Project Navigation, regarding land use and partnership opportunities on the west side of the Airport.
- BLSS is at capacity and is interested in leasing land for more storage. Other non-aeronautical uses are being explored as well.
 - They are also potentially interested in developing hangars.
 - Development would be phased.
- There could be some good opportunities to build off of the access and utilities that the Northern Colorado Law Enforcement Training Center has recently brought in.
 - New infrastructure could encourage both non-aeronautical and aeronautical use.
- The area along Boyd Lake Ave would not be a good place for outdoor storage due to its high visibility, but the area to the south along the railroad tracks might support storage.
 - Outdoor storage could easily be converted to aeronautical use in the future.
- Canopies for outdoor storage could be utilized for generating solar power too.
 - This could create glare problems and would need to be approved by the FAA.
- The PDSC hasn't had much of a chance to discuss development on the west side of the Airport and will need more time to consider its potential buildout.
 - Airport staff will create some conceptual diagrams that incorporate the planned runways and taxiways in the area.
 - A concept review meeting with the City of Loveland could help answer some important questions regarding access and traffic planning.

MEETING RECORD

Page 4

- BLSS will provide some information on their short-term aspirations. They would like to work closely with the Airport and Cities so that improvements made to the area can be mutually beneficial.

End Meeting Record

DRAFT

New airline opens skies between Fort Collins and Southern California

Pat Ferrier Fort Collins Coloradoan

LOVELAND — As a pilot in training, Garrett Dangerfield wanted to be on Avelo Airlines' first flight from Northern Colorado Regional Airport to Hollywood Burbank Airport Wednesday morning.

"I'm training to be the guy in the cockpit," he said before going through security to board the Boeing 737-800.

Wednesday's Flight 132 not only signaled Avelo's maiden voyage from the Loveland airport, known by its call letters FNL, but the return of regularly scheduled commercial air service for the first time since 2017.

Because Avelo flies to and from Fort Collins-Loveland on Wednesday and Saturdays, Dangerfield was flying back to Colorado aboard a United flight out of Los Angeles International Airport to be back in time for classes Thursday morning.

"The flight was awesome," he said Wednesday afternoon from California. Four flight attendants served bottled water, Lorna Doone cookies and hand sanitizer wipes to about 40 passengers, he said.

Avelo arrived from Hollywood Burbank Wednesday morning and was welcomed by a water cannon salute before returning to California at 11:15 a.m. under a second water salute.

According to Avelo.com, the 189-seat plane had 30 reserved seats as of Tuesday afternoon. But not all passengers, Dangerfield included, paid for a pre-assigned seat. Avelo officials declined to disclose the number of passengers Wednesday, but spokesperson Jim Olson said they were pleased with the interest the flights have received.

More routes on Avelo

Flights from FNL to California may be the first of other routes to follow.

Olson told a small crowd gathered for the inaugural flight that Avelo hoped to add more routes soon. "If we are able to get customers flying on this initial route, we hope to announce a second route in the near future."

Later he told the Coloradoan an announcement could come in the next few weeks or months.

Avelo, a new airline that launched earlier this year, announced in July it was adding twice-weekly flights from Northern Colorado to Hollywood Burbank in Southern California. It has expanded its routes across the country, including Las Vegas; Eureka, California; and New Haven, Connecticut.

More: Northern Colorado flights to Los Angeles are only weeks away. Here's what they will cost.

Kim and Derrick Krueger returned to Northern Colorado from California on Avelo on Wednesday morning.

"Overall, the flight will be a great economic driver for Fort Collins," Derrick Krueger said. "Being able to not drive to DIA and deal with the traffic and the hassle is worth it."

Brian Bell and family returned from California on Avelo with roughly 20 passengers on the flight, he said.

They were supposed to return home Monday but wanted to add a couple days. He remembered Avelo was beginning its flights to Northern Colorado and switched airlines. It cost the family of four with two checked bags \$220 for the one-way flight.

The airline's introductory fares start as low as \$39 one way. It charges for checked and carry-on baggage as well as seat assignment.

Dangerfield, who carried just a backpack that could fit under his seat, paid \$49 for the one-way flight.

What's coming for FNL airport

The cities of Loveland and Fort Collins, which own the airport, are expected to pay up to \$15,000 in marketing and promotions and waive landing, terminal use, fuel flowage and other similar fees for the airline's first year of operation, amounting to about \$35,000.

The Airport Advisory Commission in August approved the Airline Air Service Agreement with Avelo that commits the airline to a minimum of two flights per week.

The airline is projected to have more than 10,000 enplanements in Northern Colorado next year and about 14,000 enplanements going forward, based on a 70% load factor, according

to a memo from airport Manager Jason Licon to the commission.

More: Excited for fall in Fort Collins? Plan ahead with this guide to fall events, activities

Licon's memo states the airline would provide a direct return of at least \$850,000 in federal funding in 2024 and unlock other federal funding for the airport.

Avelo also agreed to pay for any law enforcement and security costs and purchase a minimum of 1,000 gallons of jet fuel per flight from an airport fixed-base operator.

The airline recently suspended flights from Grand Junction and from Bozeman, Montana, to Hollywood Burbank, but Olson said they would re-evaluate next spring.

"We gave it a shot," but the numbers didn't pan out, he said. He declined to say what kind of passenger load Avelo needed to see to keep routes active.

"We know what the numbers should be," he said. "Our goal is to ... inspire travel so we can offer more from Fort Collins."

While discontinuing some flights, Avelo added flights from Santa Rosa, California, to Las Vegas and from Eureka, California, to Las Vegas. "We hope the excitement (at Fort Collins-Loveland) translates into lots of customers. We hope the \$39 introductory fare will encourage people to take lots of flights."

Pat Ferrier is a senior reporter covering business, health care and growth issues in Northern Colorado. Contact her at patferrier@coloradoan.com. Please support her work and that of other Coloradoan journalists by purchasing a subscription today.

New airline begins service in northern Colorado

Avelo Airlines has begun flights in northern Colorado with \$39 fares.

Author: **Alexander Kirk**

Published: **6:29 AM MDT October 7, 2021**

Updated: **6:46 AM MDT October 7, 2021**



LOVELAND, Colo. — America's first new mainline airline in nearly 15 years has begun service in northern Colorado.

[Avelo Airlines](#) took its first flight on Wednesday from Loveland to Los Angeles.

The departure from [Northern Colorado Regional Airport \(FNL\)](#) in Loveland represents the Avelo Airlines' northern Colorado debut.



**Google Pixel 5 images
reveal a radical new
direction**

This ad will end in 12

The service is the first mainline airline departure from Northern Colorado Regional Airport since 2012. Avelo Airlines said it will offer a more convenient and affordable alternative to Denver International Airport to customers in northern Colorado.

The airline said the service between Loveland and Hollywood Burbank Airport (BUR) will take place twice weekly with one-way fares starting at \$39. Flights are available for booking now at [AveloAir.com](https://www.aveloair.com).

Avelo Airlines, a low-cost Houston-based airline, first began service under the Avelo name in April 2021.

In June, Avelo began service between [Grand Junction Regional Airport](#) (GJT) from [Hollywood Burbank Airport](#).

RELATED: [America's newest airline to launch Colorado service](#)

RELATED: [Start-up US airlines say bookings sag as COVID cases rise](#)

Avelo Airlines

Joe Scarnici/Getty Images for Avelo

The Avelo aircraft is seen at Hollywood Burbank Airport on April 07, 2021 in Burbank, California.

This ad will end in 12

NOCO REGIONAL AIRPORT Avelo begins **locallybased flights**

Airline will run 2 flights per week to California

BY PAUL H UGHES BIZWEST/ REPORTER-HERALD

Avelo Airlines began flying from Northern Colorado Regional Airport in Loveland on Wednesday.

Two flights a week between the airport and Burbank, California, were announced in July; the airport commission approved a service agreement with Avelo in September.

Flights are Wednesdays and Saturdays. At the time the route was announced, introductory fares were set at \$49, excluding baggage and seat assignment fees; currently they're \$39. The planes are 189-seat Boeing 737-800 jets. Today's first flight wasn't full, Avelo spokesperson Jim Olson acknowledged.

"We still have some seats to fill and some work to do," he said. "If the momentum continues (that) we saw and felt today, we hope to add more flights down the road."

"From the airport's perspective, we certainly hope that the region supports this new service," said Airport Director Jason Licon. This can "make it a long-term success (and) demonstrate the potential for additional service offerings in the future."

SEE AVELO, 2A

The release said the airline's on-time performance run rate over the last 90 days was 90% with only two flight cancellations.

Avelo plans to add flights from an east coast base in New Haven, Connecticut to five cities in Florida, beginning in November. New Haven is "in the broader New York City corridor," as Northern Colorado Regional is in a wider Denver orbit.

It has also suspended flights to some markets,

including Grand Junction, and changed course on flights it had announced to others, such as Monterey, California and St. George, Utah.

Olson said as a new airline, "you want to be trying and testing" and some markets that didn't get service, in part due to the emergence of the delta variant of COVID-19 or rental-car shortages, could get a second look.

Avelo is based in Houston; its parent company is Houston Air Holdings Inc.

Avelo is backed by \$125 million in individual and private equity investment. Levy was chief financial officer with United Airlines and a cofounder and president of Allegiant Air, which previously flew to Northern Colorado Regional Airport, ending service in 2012.

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NEWS > COLORADO NEWS

Great Colorado Air Show draws over 30,000 to Northern Colorado Regional Airport

U.S. Navy Blue Angels headline show



An F/A-18E Super Hornet sits on the tarmac at the Northern Regional Airport in Loveland on Thursday, Oct. 14, 2021. The squadron arrived at the airport to take part in the Great Colorado Air Show, which took place Oct. 16-17, 2021. (Photo credit Marine Corps. Cpt. Jackson Stieff, a team member of the U.S. Navy Blue Angels, answered questions for news reporters during the Great Colorado Air Show's media day on Thursday, Oct. 14 at the Northern Colorado Regional Airport in Loveland. (Photo credit Randy Owens/RandyOwens.Smugmug.com))

By **TAMARA MARKARD** | tmarkard@greeleytribune.com | Greeley Tribune

PUBLISHED: October 18, 2021 at 6:53 p.m. | UPDATED: October 18, 2021 at 6:54 p.m.

After a long 19-year absence, the [Great Colorado Air Show](#) returned to the skies above the [Northern Colorado Regional Airport](#) in Loveland.

The show, which took place Saturday, Oct. 16 and Sunday, Oct. 17, saw a sold-out crowd of more than 30,000 over the weekend.

The show drew some of the best demonstration pilots from around the state and across the U.S. including Lucas Oil Airshow pilot Mike



"I enjoy being free like a bird. You turn the airplane on and it does what you do with it," she explained. "It's all about the people and the plane is a vehicle for me to enjoy the people too."

Kress said that she hopes shows like the Great Colorado Air Show inspire audience members to take an interest in aviation and aerobatic flying.

"They might see a show and choose to go for a career in aviation," Kress said. "There's a lot of opportunities and possibilities in aviation right now."

In addition to specialized aerobatic planes, the show featured demonstrations from an F-35 Lightning II, A-10 Thunderbolt II and P-51 Mustang and a mini-jet piloted by Tom Larkin.

As audience members fixed their eyes to the sky, performers were busy doing barrel rolls, inverted spins, double hammerhead, torque rolls and other tricks while filling the sky with white smoke.



Parachute teams demonstrated different maneuvers for audience members at the Great Colorado Air Show that took place Oct. 16-17, 2021 in Loveland. (Photo credit Randy Owens/RandyOwens.Smugmug.com)

In between plane demonstrations, the [U.S.A.F. Wings of Blue](#) and the [U.S. Navy Leap Frogs](#) parachute teams showed audience members what they can do with just a piece of fabric and some string.

As the parachute teams made their way to the ground, people in the audience cheered and waved.

Each of the shows over the weekend was capped off by a performance from the [U.S. Navy Blue Angels](#) flight demonstration squadron.

"I am retired Navy so I am here to support the Blue Angels," said Mark Madsen from Denver. "You can't beat a Blue Angels show; they are the best flight team in the military. I have seen them twice before and they are amazing. Their maneuvers are tight and they are highly trained pilots."



The U.S. Navy Blue Angels perform at star burst during the Great Colorado Air Show this weekend in Loveland. (Photo credit Randy Owens/RandyOwens.Smugmug.com)

U.S. Air Force retired veteran, Jeff Gallos from Fort Collins, had to “respectfully disagree” with Madsen about the team being “the best” precision flight team in the military.

“I mean, they are good, you can’t deny that. But I would argue that the [Air Force Thunderbirds](#) are better,” Gallos said, chuckling. “Since the Thunderbirds aren’t in this show, I decided to come out and support the Navy. But just for the record, the Thunderbirds are the best.”

No matter what branch of the military people served in or supported, everyone in attendance were excited to see the [U.S. Navy Blue Angels](#) take to the air to showcase their amazing tactical skills and perform jaw dropping maneuvers.

The U.S. Navy Blue Angels were formed in 1946 when Chief Naval Operations, Admiral Chester Nimitz had an idea to create a flight exhibition team to help raise public interest in the military branch and bolster Navy members’ moral.

Since then, the team has performed for over 500 million fans and takes part in around 40 air shows per year. The team spends about 300 days on the road traveling to and from air shows.



More sights from the Great Colorado Air Show that took place Oct. 16-17, 2021 at the Northern Colorado Regional Airport in Loveland. (Photo credit Randy Owens/RandyOwens.Smugmug.com)

The squadron is made up of 16 officers that serve in specific jobs such as pilots, events coordinator, maintenance officer, flight surgeon and other critical roles.

Candidates interested in becoming a pilot for the Blue Angels must be “career-oriented, carrier-qualified, active duty Navy or Marine Corps. tactical jet pilots with a minimum of 1,250 flight hours,” the organization’s website reports. New pilots and support officers are chosen by a unanimous vote. Officers serve two to three years on the team while enlisted personnel serve three to four years. After their tour, team members return to their prior positions with the Navy or Marine Corps.

The flight team is comprised of six pilots that fly the Boeing F/A-18 Hornet jets and three pilots assigned to the Lockheed Martin C-130 J Super Hercules support aircraft.

Pilots flying in the squadron for the 2021 season are:

- **Jet No. 1** — Capt. Brian C. Kesslerling, flight leader and commanding officer.
- **Jet No. 2** —LCDR. James Haley, right wing
- **Jet No. 3**— Maj. Frank Zastoupil, left wing.
- **Jet No. 4** — LCDR. James Cox, slot
- **Jet No. 5** — CDR. Ben Walborn, lead solo
- **Jet No. 6** —LCDR. Cary Rickoff, opposing solo
- **C-130 “Fat Albert” pilots** — Maj. Rick Rose, Capt. William Huckeba and Capt. Jackson Streiff



Marine Corps. Cpt. Jackson Streiff, a team member of the U.S. Navy Blue Angels, answered questions for news reporters during the Great Colorado Air Show's media day on Thursday, Oct. 14 at the Northern Colorado Regional Airport in Loveland. (Photo credit Randy Owens/RandyOwens.Smugmug.com)

Streiff is one of the newer members to the team and one of the few Marines that are assigned to the flight squadron. The Marine has been flying C-130 planes for over 4 years.

"One of my good friends joined the team a year before me so I submitted an application because I thought it would be a cool experience," he explained. "I am pretty fortunate to get selected to be here."

For more information on the Great Colorado Air Show and possible future events, go to www.greatcoloradoairshow.com.

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Tags: [MyWindsor](#)



Tamara Markard | Go+Do reporter

— Tamara Markard is the Go+Do reporter for the Greeley Tribune, covering things to go and do in Greeley, Evans, Windsor and surrounding Weld County. Reach her at tmarkard@greeleytribune.com, (970) 392-4440, or on Twitter @Tmarkard1.

tmarkard@greeleytribune.com

[Follow Tamara Markard](#) @Tmarkard1

MEETING RECORD

Page 1

DATE: 10/27/2021
TIME: 3:30-5:17 PM
RE: Planning and Development Subcommittee Meeting (PDSC)
ATTENDEES: Diane Jones, Troy Bliss, Jason Licon, Aaron Ehle, James Hays

Begin Meeting Record 10/27/2021

Agenda Item #1: Meeting Minutes – September 22nd

- **Diane moved to approve the minutes. The motion, seconded by James, passed unanimously.**

Agenda Item #2: Hangar Ground Lease Reversion Policy

- There has been interest from some tenants in extending their land leases.
 - Most leases at the Airport have 40-year terms, with improvements reverting to Airport ownership when the lease expires.
 - The Airport can then rent out the facilities at fair market value, generating more revenue than just renting out the land.
 - Staff is looking to develop a consistent approach to these requests
 - After years of leasing just the land under the buildings, many tenants are resistant to the value of the improvements being factored into extension lease rates.
 - The language in leases has changed throughout the years.
 - In the past, some tenants have deeded the improvements back to the Airport in order to avoid paying property taxes.
 - Any potential lease extensions will set precedent for future extensions.
 - The T-hangars that recently reverted to Airport ownership originally had a 30-year lease that was extended by 10 years to bring it into parity with other leases.
 - The Airport generates about \$185,000 in revenue by renting these units out.
 - Reversion is considered a best practice and is recommended by the FAA.
 - Reversion helps Airports stay financially self-sustaining
 - The failure to exercise reversion has led to FAA scrutiny and penalties at some airports.
 - As leases near expiration, there is little incentive for tenants to invest in maintenance and improvement of the buildings if they know ownership is going to revert to the Airport.
 - Investment in facilities could be a condition of extending leases.
 - The FAA considers ground leases of 30 to 35 years are sufficient to retire a tenant's initial financing and provide a reasonable return for the tenant's
 - Leases that exceed 50 years may be considered a disposal of the property in that the term of the lease will likely exceed the useful life of the structures erected on the property.
 - The average lifespan for a hangar building is 50-60 years.
 - Structural evaluations may need to be done to determine how much lifespan is left in specific buildings prior to considering lease extensions.
 - Many of the lease areas of the older leases only cover the footprint of the buildings. This leaves the Airport with a burden to maintain the pavement around the buildings.
 - FAA funding for pavement maintenance for private hangars has become increasingly difficult to obtain.
 - Increasing the lease areas as a condition of extending leases is a way to mitigate this.

MEETING RECORD

Page 2

- Other ways to fund maintenance of infrastructure that supports private hangars may need to be considered.
- Many of the leases started out at very low rates and even with escalation according to consumer price index (CPI), they are still not generating much revenue for the Airport. There are a good number of hangars that were built in the 1990s, that are currently paying less than \$0.20 per square foot.
 - If leases are extended, the lease rates for the land should be brought up to current rates. The value of the improvements past the initial lease expiration date needs to be considered as well.
 - We might need to establish new methods for determining lease escalation so that lease rates keep up with current lease rates.
- Coming up with a list of what we are trying to achieve would be beneficial to developing a strategy.
 - How do the goals align or conflict with the interests of tenants?
 - Should businesses be handled differently than private hangars?

Agenda Item #3: West Airport Development Plan

- The Master Plan does not provide much specificity for this area of the Airport as the east side is anticipated to accommodate the next 20 years of aeronautical
- The owner of Boyd Lake Self Storage (BLSS) has expressed interest in leasing land on the west side of the Airport for storage and potential other uses (car wash, hangars, solar).
 - Vehicle/aircraft shelters with solar panels is a potential use. There is an electric substation in close proximity.
 - Shorter-term leases for uses like storage could allow us to generate revenue now, but reserve the land for other uses in the future.
 - It's important to preserve land for aeronautical use.
 - Storage shouldn't be allowed along Boyd Lake Ave, due to aesthetic concerns.
- Having a development plan is important for understanding what the infrastructure needs are.
- There could be future uses (cargo, passenger transport) associated with the Union Pacific rail line that we need to start considering now.
- A development plan for the west side of the Airport could be part of a larger Airport Influence Area (AIA) overlay plan.
- There needs to be a secondary access point for emergency response in order to develop the southwest side of the Airport.
 - Boyd Lake Self Storage has expressed interest in partnering with the Airport to bring a road across the southern portion of the Airport to connect Rocky Mountain Ave with Boyd Lake Ave.
- The uses that BLSS proposed for the northwest side of the Airport are not aligned with our mission or vision. Staff will meet with BLSS to discuss the possibility of a short-term lease on the southwest side.
- Staff will put together some concepts that incorporate data from the Utility Master Plan.

Agenda Item #3: Open Discussion

- The Next meeting will be on November 17th.
 - The Strategic Plan/StratOp will be on the agenda.

End Meeting Record



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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ITEM NUMBER: 4

MEETING DATE: November 10, 2021

PREPARED BY: Aaron Ehle, Development & Planning Specialist

TITLE

Lease assignment and assumption for 5230 Gulfstream Court

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 Bob Ferrero to Jeffrey James. Mr. Ferrero has been the sole occupant of this hangar since it was constructed in 2002, and Mr. James 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: Bob Ferrero to Jeffrey James, 5230 Gulfstream Court.

ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

5230 Gulfstream Ct
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 (April 17, 2002 as amended, a copy of which is attached hereto as **Attachment 1** and incorporated herein by this reference (the “Lease Agreement”) to Bob Ferrero 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 Jeffrey James, (“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 November 10, 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 **\$613.75 per year**, payable in monthly installments, which rental amount shall be adjusted on April 1, 2022 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:

Jeffry James
5209 Maywood Ct
Windsor, CO 80550
jeff@ovhomes.net

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:
Jeffrey James
5209 Maywood Ct
Windsor, CO 80550

By: 
Jeffrey James

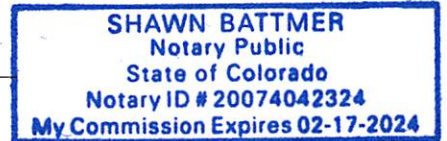
State of Colorado)
)ss
County of Larimer)

Subscribed and sworn to before me this 27th day of Oct, 2021 by
Jeff James, as _____ of _____ SB


My commission expires 2/17/24.

SEAL


Notary Public



Assignor:
Bob Ferrero
1979 Red Cliff Pl
Loveland, CO 80538

By: 
Bob Ferrero

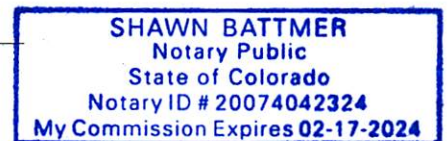
State of Colorado)
)ss
County of Larimer)

Subscribed and sworn to before me this 28th day of October, 2021 by
Bob Ferrero, as _____ of _____ SB

My commission expires 2/17/24.

SEAL


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



NORTHERN COLORADO REGIONAL AIRPORT

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ITEM NUMBER: 5

MEETING DATE: November 10, 2021

PREPARED BY: Aaron Ehle, Airport Planning & Development Specialist

TITLE

Proposed Hangar Development Lease Approval – 5240 & 5244 Gulfstream Ct

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to approve the hangar ground lease agreement as presented

BUDGET IMPACT

Positive: the lease will generate \$7,814 in revenue during the first year and will be adjusted annually for inflation.

SUMMARY

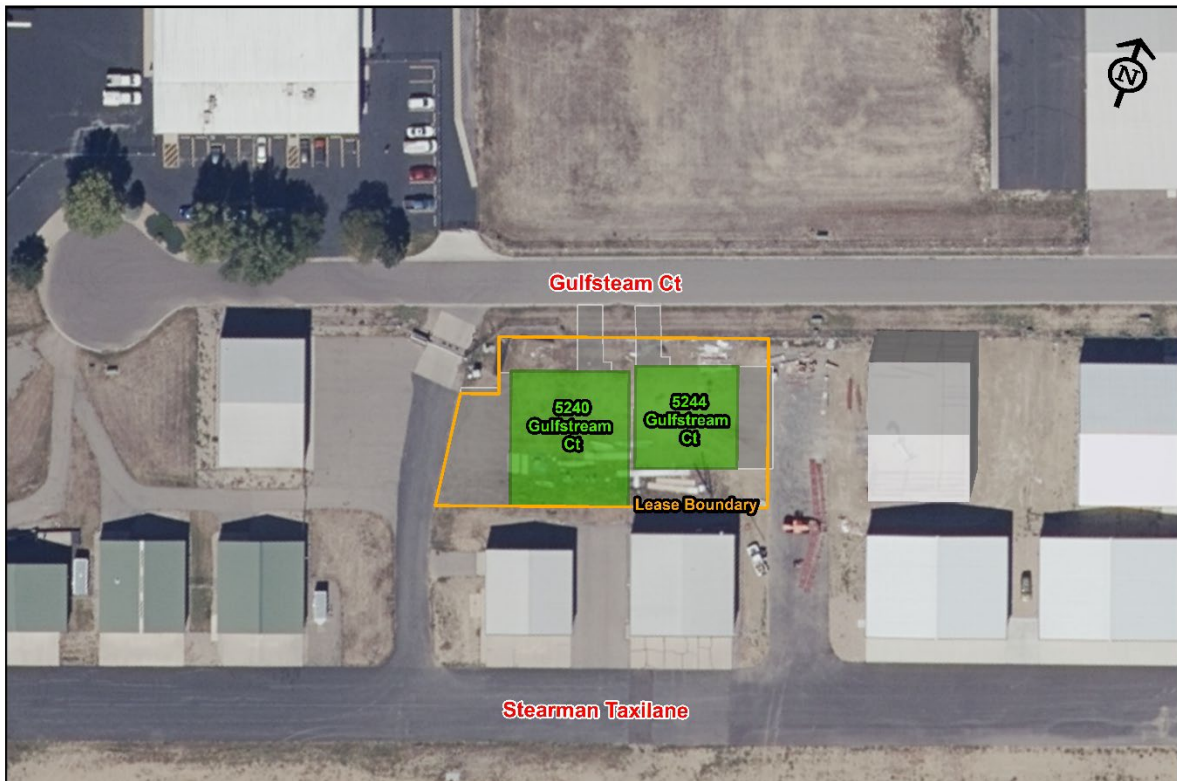
Jim McCreery and Joe Vacca, both current tenants of the Airport-owned T-hangars, are proposing to lease 17,800 square feet of land on the south side of Gulfstream Court to build two aircraft hangars. The hangars will belong to a condominium association called “Hangar Flying Condominium Association”. The east hangar will be 80’ X 70’ with a 60’ wide door, and the west one will be 60’ X 60’ with a 50’ wide door. Both hangar doors will be 18’ tall. Each hangar will have a restroom. The proposal includes street-side access for both hangars via walk-through doors and 10’ X 10’ overhead doors. This will require additional security measures and will subject the hangars to TSA and Airport inspections.

To comply with the Airport Design Standards, the developers are planning to include windows and faux-stone wainscoting along the street-facing elevations of the buildings. Xeriscaped river rock landscaping with a weed barrier on the street-facing side of the buildings is being proposed. The remaining area will be reseeded with native grasses. The developers are planning span the gap between the buildings and with a wrought iron fence.

This will be a standard 40-year lease (25-year initial term with three 5-year extensions) at the improved rate of \$0.439 per square foot. The proposal has been vetted by staff for compliance with the newly adopted Airport Land Use and Design Standards and alignment with the Airport Master Plan. It has been reviewed by the Planning and

Development Subcommittee (PDSC), which unanimously recommends approval of the lease.

Site Overview



ATTACHMENTS

Hangar Ground Lease Agreement
Resolution R-13-2021

HANGAR GROUND LEASE AGREEMENT

5240 & 5244 GULFSTREAM COURT

**CITIES OF LOVELAND AND FORT COLLINS, COLORADO,
acting by and through the
NORTHERN COLORADO REGIONAL AIRPORT COMMISSION
AND
HANGAR FLYING CONDOMINIUM ASSOCIATION**

**DATED
NOVEMBER 10, 2021**

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EXHIBIT A, Description of Leased Premises

EXHIBIT B, Concept Plan

LEASE AGREEMENT

THIS HANGAR GROUND LEASE AGREEMENT, made and entered into this ____ day of _____, 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 Hangar Flying Condominium Association, 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 (the “**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, Lessee is a Colorado limited liability company, which intends to be a Declarant of a condominium declaration creating a leasehold condominium ownership pursuant to the Condominium Ownership Act, C.R.S. § 38-33-101, *et seq.* (the “**Act**”), and desires to construct leasehold hangar condominiums on the Leasehold Premises, for ownership by individual Unit Owners as defined in such Act (the “**Unit Owners**”); and

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

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

ARTICLE 1: TERM; OPTIONS; RIGHT OF FIRST REFUSAL

1.1 The initial term of this Agreement shall commence at 12:01 a.m. on December 1, 2021, and expire at 11:59 p.m. on November 30, 2046, a duration of twenty-five (25) years, hereinafter the “**Initial Term**,” unless sooner terminated in accordance with the provisions hereof.

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

1.3 If Lessee desires to continue occupying the Leased Premises after the expiration of all three (3) Extended Terms, Lessee may request in writing 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 as the Cities deem appropriate, including rental rates to include an assessment of fair market value of the property including the improvements thereon, 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 acknowledge 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 and its Unit Owners shall use and occupy the Leased Premises for the following purposes and for no other purpose whatsoever unless approved in writing by Cities:

3.1.1 For the construction, installation, maintenance and operation of a hangar building or buildings (the "Hangars") to be used for the parking, storage, servicing, repair, maintenance, modification, and construction of aircraft owned or operated by Lessee or its Unit Owners. Lessee's construction, installation, maintenance and operation of the Hangars shall comply with and be subject to the requirements of the Airport Minimum Standards, including the Airport Land Use and Design Standards incorporated therein. Lessee's use of the Leased Premises, including use for storage of aircraft owned by Unaffiliated Entities, shall be of a non-commercial nature, unless a commercial use is approved by the Cities by a separate written License. The foregoing shall not preclude the subleasing of space within individual Hangar buildings to Unaffiliated Entities, so long as a License is obtained if required by the Airport's Minimum Standards then in effect. Any such License shall require compliance with Minimum Standards for the Provision of Commercial Aeronautical Activities at the Airport (the "Minimum Standards"), as they then exist or are thereafter adopted or amended by the Cities. Any such commercial use must also be consistent with the City of Loveland, Colorado, building, use and zoning regulations and requirements applicable to the Leased Premises. Lessee shall include in its Condominium Declaration governing use and operation of the Leased Premises, a provision that all Unit Owners shall cause such aircraft based at the Leased Premises to 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 A copy of a Concept Plan for the development of the Hangars is attached as **Exhibit "B"** (the "Concept Plan"). The Cities make no representations, guarantees, or warranties that the Leased Premises may be lawfully used for the purposes set forth in this Section 3.1. Lessee shall have the sole responsibility of obtaining all applicable permits or other governmental approvals necessary to construct and use the Leased Premises as intended herein. This Agreement is expressly conditioned upon Lessee obtaining all such permits and approvals, 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 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 and/or its Unit Owners 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 \$0.439 per square foot for the 17,800 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 \$7,814.20 per year, subject to adjustment pursuant to Section 4.2. Notwithstanding the foregoing, and in recognition of the fact that it may take Lessee a period of time to construct the Hangars described in Paragraph 4.4, Lessee's rent payment for the first three months of the first year of this Agreement and excluding any Extended Term shall be waived. If Lessee exercises any option to extend the term of this Agreement under Section 1.2, annual rent per square foot for the first year of such Extended Term shall be the greater of (a) the rent determined under Section 4.2, as if the Initial Term had continued throughout such Extended Term, or (b) the then current market rates for hangar ground leases at comparable airports in the Front Range area, which shall be deemed to include the Denver Metro Area north through Cheyenne. Cities and Lessee agree to use their best efforts to agree on then current market rates, and execute a Lease Extension Agreement, within ninety (90) days after Lessee's written notice of election is received by the Cities. If the Cities and Lessee cannot agree upon the rental rates, the parties agree to submit to mediation before the Judicial Arbiter 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 the Denver-Boulder-Greeley, CO as published by the Bureau of Labor Statistics of the United States Department of Labor, 1982-84 base = 100. In the event the base year is changed, the C.P.I. shall be converted to the equivalent of the base year 1982-84 = 100. In the event the Bureau of Labor Statistics ceases to publish the C.P.I., or this index, an equivalent or comparable economic index will be used.

4.3 The annual rent payable hereunder may be paid in advance in annual installments, or shall be paid in equal monthly installments on the first day of each month in advance at the office of the Airport Manager or at such other office as may be directed in writing by the Cities. Payments due to the Cities under this Agreement shall be paid without offset. In addition to any other remedies provided in this Agreement, in the event that any rental, fee or charge set forth in this Agreement is not paid to the Cities within ten days of the date due, Lessee agrees to pay a late charge of \$50.00 for each such late payment,

and default interest shall accrue on such payment from the date the payment was due, at a rate of twelve percent (12%) per annum. If any action is brought to collect any amounts due under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees and costs incurred.

4.4 Lessee, as additional rent, shall complete construction of Hangars and related Improvements on the Leased Premises, in accordance with plans and specifications approved by the Cities based upon the Concept Plan. The Hangars shall, collectively, be at least a total of 9,000 square feet in size and shall have a concrete or asphalt floor, with each Hangar to have at least one aircraft access door sized to accommodate an average private aircraft. Lessee shall use commercially reasonable and diligent efforts to complete construction of the Hangars and other such Improvements within the earlier of eighteen (18) months of the Cities' approval thereof or within two years from the date of this Agreement. If Lessee fails to construct the Hangars and other such Improvements in accordance with the provisions of this section, and such failure to construct is caused by force majeure or improper action of the Cities, then this Agreement may be cancelled by Lessee upon thirty (30) days' notice to the Cities, in which event and as of the date of such cancellation, Lessee shall be released from any further obligations under this Agreement.

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

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

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

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

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

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

5.2.1 Keep at all times, in a clean and orderly condition and appearance, the Leased Premises, all Improvements thereon and all of Lessee's and/or its Unit Owners' fixtures, equipment and personal property which are located on any part of the Leased Premises. Lessee and its Unit Owners 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 and cause each of its Unit Owners to conduct their operations 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 and shall include covenants in its Condominium Declaration that require Unit Owners to comply with all federal, state and municipal laws, ordinances, rules, regulations and requirements, the Airport 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 and its Unit Owners 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 and its Unit Owners 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 and shall include covenants in its Condominium Declaration that require Unit Owners to 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 and its Unit Owners 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 and its Unit Owners 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, or Unit Owners or their tenants, Lessee and its Unit Owners 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, and shall include covenants in its Condominium Declaration that require each of its Unit Owners to conduct their 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/or its Unit Owners, and the limitations of federal law. In addition, Lessee and its Unit Owners 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 and its Unit Owners 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 or any of its Unit Owners 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 or to cause the Unit Owners or Condominium Association to erect and maintain at their 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 and its Unit Owners 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 and its Unit Owners 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, certified mail, return receipt requested, to the Cities, Attention: Airport Manager.

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

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

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

8.2 In the event the Improvements and any subsequent improvements, insurable or uninsurable, on the Leased Premises are damaged or destroyed to the extent that they are unusable by Lessee for the purposes for which they were used prior to such damage, or same are destroyed, Lessee shall promptly repair and reconstruct the Improvements substantially as they were immediately prior to such casualty or in a new or modified design, subject to the provisions of Article 5 hereof and applicable building codes and

the Airport Land Use and Design Standards, existing at the time of repairing or rebuilding. If the aforesaid damage or destruction occurs in the last five years of the Initial term or any option term of this Agreement, Lessee may elect not to repair and reconstruct the Improvements, subject to the following terms and conditions:

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

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

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

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

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

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

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

ARTICLE 9: LIABILITIES AND INDEMNITIES

9.1 The Cities and the Commission shall not in any way be liable for any cost, liability, damage or injury including cost of suit and expenses of legal services, claimed or recovered by any person whomsoever, or occurring on the Leased Premises, or the Airport, or as a result of any operations, works, acts or omissions performed on the Leased Premises, or the Airport, by Lessee, its agents, servants, employees or authorized tenants, or their guests or invitees. Lessee, and each of its Unit Owners, shall not in any way be liable for any cost, liability, damage or injury including cost of suit and expenses of legal services, claimed or recovered by any person whomsoever, or occurring on the Leased Premises, or the Airport, or as a result of any operations, works, acts, or commission performed on the Leased 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, or if a Unit Owner shall grant a similar interest, to an entity which is not directly or indirectly owned or controlled by, or is not under common ownership or control with Lessee or Unit owner, as the case may be, (collectively, an "Unaffiliated Entity"), 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 13 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 Section 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 and its Unit Owners agree 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 in Articles 8 and 9 herein, or (d) the transferee or assignee does not qualify as a successor to Lessee under the Condominium Declaration recorded pursuant to Article 31. 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.

13.2 Lessee shall have the right and obligation to construct and sell hangar condominiums on the Leased Premises in accordance with applicable law, without the prior consent of the Cities. By way of clarification, and not by limitation, the restrictions on sale, assignment or subleasing contained in this Article 13 shall not apply to the first transfer or conveyance by Lessee of an individual Condominium Unit to another Owner. The Condominium Declaration to be recorded by Lessee shall, among other terms, conditions and restriction, require all Unit Owners to comply with all terms and conditions of this Agreement. Lessee, the Condominium Association and any Unit Owner shall be jointly and severally responsible for compliance with the terms and conditions of this Agreement; provided, that, notwithstanding the foregoing, or any other provision of this Agreement to the contrary (including by way of example and not in limitation, the provisions of Articles 9, 18 and 21), the person first above identified as Lessee ("Initial Lessee") shall not be responsible for noncompliance of any Unit Owner other than Initial Lessee or for compliance obligations of the Condominium Association, and Initial Lessee's obligations under this Agreement shall terminate at such time that Initial Lessee (i) assigns this Agreement to the Condominium Association, or (ii) holds no ownership interest in any Condominium Unit, whichever event first occurs ("Initial Lessee Termination") and all obligations of Lessee under this Agreement shall thereupon be the responsibility of the Condominium Association and the Unit Owners, as applicable in the context of this Agreement. Following Initial Lessee Termination, except as the context otherwise indicates, the Condominium Association shall exercise the rights and fulfill the responsibilities of Lessee hereunder as Lessee and as agent and attorney-in-fact of the Unit Owners. Upon the lease of any Condominium Unit, the Unit Owner shall provide Cities with notification of the lease and otherwise comply with Article 4, above. Upon the sale, resale or lease of any Condominium Unit, Initial Lessee if the one conveying or leasing, and if not then the Condominium Association, shall promptly provide the Cities with the name, address and other contact information for the Unit Owner, and a description of the aircraft to be regularly stored in such hangar.

13.3 Lessee shall not have the right to subdivide or fractionalize either its ownership of the Improvements or its interest in the Leased Premises, except in accordance with the Condominium Map recorded pursuant to the Act, previously approved by the Cities, and filed with a Condominium Declaration recorded pursuant to the Act and Article 31.

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, Lessee, and any affected Unit Owners in accordance with the applicable condemnation law, with Lessee and any affected Unit Owner 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 or its Unit Owners 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 Unit Owners, 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 Unit Owners 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, national origin, creed, religion, sex, disability, or age and without regard to the exercise of rights guaranteed by state or federal law 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, national origin, creed, religion, sex, disability or age 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, the Condominium Association and/or Unit Owner, as the case may be, 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 ensure 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 and its Unit Owners 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 and/or Unit Owner'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 and/or Unit Owner'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 or any Unit Owner 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 or any Unit Owner 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, on behalf of itself and its Unit Owners 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, each Unit Owner of which it has been given notice under Section 13.2, above, 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 each such Unit Owner 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 each such Unit Owner 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 and/or its Unit Owners, other than the payment of rent, and the failure of Lessee, and each such Unit Owner or 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 Unit Owner and 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, its Unit Owners, 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. Termination of this Agreement as to any Unit Owner shall not act as a merger of this Agreement, into the Cities' ownership of the applicable Condominium Unit.

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 (or its Unit Owners) shall be entitled to compensation from the Cities for the fair market value of the Improvements.

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

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

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

ARTICLE 19: SURRENDER AND RIGHT OF RE-ENTRY

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

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

ARTICLE 20: SERVICES TO LESSEE

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

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

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

To Lessee:

Hangar Flying Condominium Association
Attn: James R. McCreery
1209 Gorom Avenue
Loveland, CO 80537
Email Address: jim@mcwebbtruss.com

With a copy to:

JAV LLC
Attn: Joe Vacca
1775 Washburn Way #1009
Klamath Falls. OR 97603
Email Address: jav_llc@hotmail.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 officer, director, shareholder, 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 and shall be construed in accordance with the laws of the State of Colorado, 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 for 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 other 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 reserve 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.

25.7 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, or if any Unit Owner desires to sell its interest in any Unit, to an Unaffiliated Entity as defined in Section 10.1 and has obtained a bona fide offer for such sale, Lessee and/or such Unit Owner 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 and /or such Unit Owner'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) days after receipt of the offer from Lessee or Unit Owner to elect to purchase Lessee's and/or Unit Owner's interest (such sixty (60) day period referred to as the "Election Period"). If the Cities do not desire to purchase Lessee's and/or Unit Owner's interest, Lessee and/or unit Owner may then sell, assign, or otherwise transfer its interest in this Agreement or the Unit 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 and/or Unit Owner fail 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; except as contemplated by subletting the Lease Premises to the Condominium Declarant pursuant to Article 31. The foregoing right of first refusal shall not apply to the first sale, assignment or other transfer of an interest of any individual Hangar Condominium Unit by Lessee to the first Owner of such Unit.

ARTICLE 31: REQUIREMENTS FOR CONDOMINIUMIZATION

31.1 Prior to the sale of any Hangar Condominium Unit on the Leased Premises, Lessee shall cause a declaration to be recorded in the real property records of Larimer County, Colorado, in compliance with the Condominium Ownership Act (the "Act"), C.R.S. §38-33-105. Lessee shall not record such declaration unless it first provides the Cities' with a copy of such declaration and establishes to the reasonable satisfaction of the Cities that the declaration contains each provision required by this Agreement. The Cities shall not sign such a declaration or otherwise subject this Agreement to the provisions of C.R.S. §38-33.3-206(1).

31.2 At all times during the term of this Agreement, the Condominium Declaration recorded by Lessee pursuant to the Act shall provide the recording data for this Agreement; the date on which this Agreement is scheduled to expire; a legal description of the Leased Premises; a statement that the Unit Owners have no right to redeem any reversion in the Leased Premises or this Agreement; a statement that

Unit Owners have no right to remove any Improvements on the Leased Premises, including at or after termination of this Agreement; and a statement that Unit Owners have no right to renew this Agreement at or after termination, other than the contingent right of Lessee to do so under Article 1.3, above.

31.3 The Condominium Declaration recorded by Lessee hereunder shall require that with respect to Units and the Unit Owner's use thereof, and activities of Unit Owners on the Airport, each Unit Owner shall comply with applicable terms of this Agreement, and shall take no action which is in violation of any term or condition of this Agreement. The Condominium Declaration shall provide that any act or omission of a Unit Owner which is contrary to or violates the terms of this Agreement, or of any Airport rule or regulation, shall be a violation of the terms of the Condominium Declaration, and shall contain adequate provisions for Lessee's enforcement of such requirements. Before or at the closing of any sale or resale of a Condominium Unit, the purchaser of the Condominium Unit shall be required to sign and deliver to the Cities, on a form acceptable to the Cities, a declaration providing purchaser's name, address and contact information, and acknowledging that such purchaser has been provided with a copy of this Agreement and the Condominium Declaration, has read this Section 31.3, and understands purchaser's obligations to comply with the applicable terms of this Agreement.

31.4 The Condominium Declaration required by Lessee hereunder shall require the formation of a Condominium Association (being a Colorado non-profit corporation) which, subject to the terms of this Agreement, will have broad authority over and govern the use and operation of the Leased Premises and the Hangar Units, and grant to the Condominium Association the right to enforce all of the terms, conditions and covenants of this Agreement against the Unit Owner, to assess the Unit Owners for the purpose of funding the payment of all monetary amounts due and payable pursuant to the terms of this Agreement and to serve as agent for the Unit Owners in dealing with the Cities pursuant to this Agreement.

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

Don Overcash, Chair
Northern Colorado Regional Airport Commission

Date

ATTEST:

Secretary

APPROVED AS TO FORM:

Assistant City Attorney
for Northern Colorado Regional Airport Commission

LESSEE:

HANGAR FLYING CONDOMINIUM ASSOCAITON


James R. McCreery, Registered Agent

11/8/2021
Date


Joe Vacca, Registered Agent

11/5/2021
Date

EXHIBIT A

PROPERTY DESCRIPTION

A parcel of land being part of Lot 1, Block 1 of Amended Plat of Lots 1 Through 15, Barnstorm Second Addition recorded June 28, 2004 as Reception No. 20040062364 of the Records of Larimer County, located in the Northeast Quarter (NE1/4) of Section Thirty-three (33), Township Six North (T.6N.), Range Sixty-eight West (R.68W.) of the Sixth Principal Meridian (6th P.M.), City of Loveland, County of Larimer, State of Colorado and being more particularly described as follows:

COMMENCING at the Northeast corner of said Section 33 and assuming the East line of said NE1/4 as bearing South 00°24'38" East being a Grid Bearing of the Colorado State Plane Coordinate System, North Zone, North American Datum 1983/2011, a distance of 2599.42 feet with all other bearings contained herein relative thereto;

THENCE South 00°24'38" East along the East line of said NE1/4 a distance of 1780.90 feet;
THENCE South 89°35'22" West a distance of 535.28 feet to the point of two intersecting lines, (1st line) to a line parallel with and 104.00 feet Southerly of, as measured perpendicular from the South Right of Way line of Gulfstream Court and (2nd line) to a line parallel with and 40.00 feet Southwesterly of, as measured at a right angle to the Southeasterly line of an Existing Hanger Site (5250 Gulfstream Court) and to the **POINT OF BEGINNING**;

THENCE South 70°08'06" West a distance of 196.00 feet;
THENCE North 06°17'03" West a distance of 67.99 feet;
THENCE North 70°08'06" East a distance of 22.55 feet to the Easterly line of a 40 feet Emergency Access and Drainage Easement;
THENCE North 19°51'54" West along the Easterly of said easement a distance of 33.66 feet to a line parallel with and 4.25 feet Southerly of, as measured at a right angle to the South Right of Way line of Gulfstream Court;
THENCE North 70°08'06" East along said parallel line a distance of 158.94 feet to a line parallel with and 40.00 feet Southwesterly of, as measured at a right angle to the Southeasterly line of an Existing Hanger Site (5250 Gulfstream Court);
THENCE South 19°01'40" East along said parallel line a distance of 99.76 feet to the **POINT OF BEGINNING**.

Said described parcel of land contains 17,800 Square Feet or 0.409 Acre, more or less (\pm), and is subject to any rights-of-way or other easements of record or as now existing on said described parcel of land.

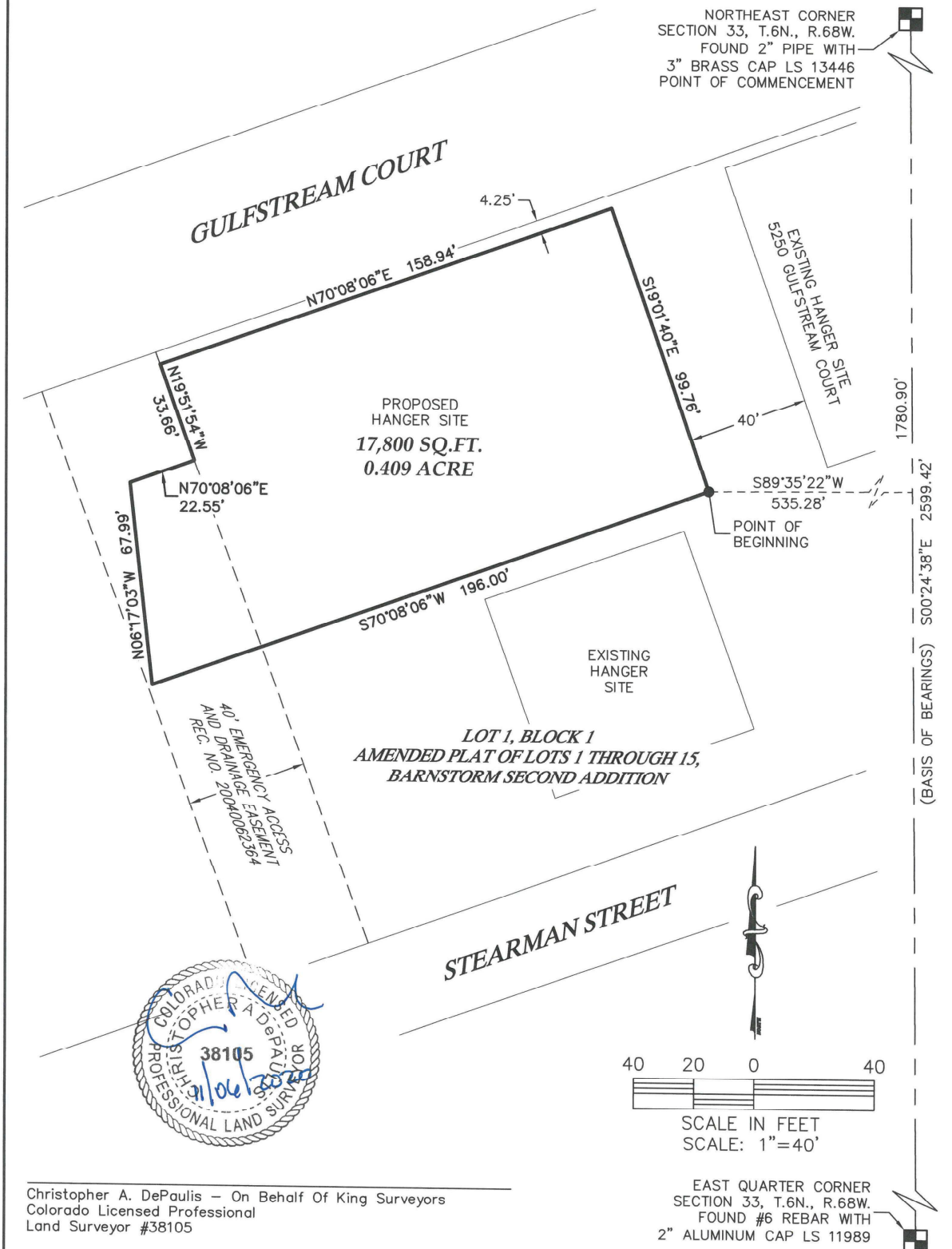
SURVEYORS STATEMENT

I, Christopher A. DePaulis, a Colorado Licensed Professional Land Surveyor do hereby state that this Parcel Description was prepared under my personal supervision and checking and that it is true and correct to the best of my knowledge and belief.



Christopher A. DePaulis- On Behalf Of King Surveyors
Colorado Licensed Professional
Land Surveyor #38105

KING SURVEYORS
650 East Garden Drive
Windsor, Colorado 80550
(970) 686-5011



Christopher A. DePaulis — On Behalf Of King Surveyors
Colorado Licensed Professional
Land Surveyor #38105

NOTE: This exhibit drawing is not intended to be a monumented land survey. Its sole purpose is as a graphic representation to aid in the visualization of the written property description which it accompanies. The written property description supersedes the exhibit drawing.

NOTICE: 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. (13-80-105 C.R.S. 2012)



KING SURVEYORS

650 E. Garden Drive | Windsor, Colorado 80550
phone: (970) 686-5011 | fax: (970) 686-5821
email: contact@KingSurveyors.com 086

PROJECT NO: 20190175-C
DATE: 11/3/2020
CLIENT: NCO REGIONAL AIRPORT
DWG: 20190175C-EXH
DRAWN: CSK CHECKED: CAD

Exhibit B

GULFSTREAM COURT

LOT 1
0.18 acres

PROPOSED HANGAR STRUCTURE (JAV HANGAR)
3,636 SF

LOT 2
0.23 acres

PROPOSED HANGAR STRUCTURE (JIM MCCREERY HANGAR)
5,644 SF

SITE PLAN NOTES:

- THIS IS NOT A SURVEYED SITE PLAN
- SITE PLAN IS TO SHOW GENERAL SITE DETAILS AND HANGAR LOCATION

Graphic Scale: 1 inch = 10 feet

0 10 20 30 40

SITE PLAN
SCALE: 1" = 10'-0"

1.0

087

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**ASHER
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p. 970-533-9970
w. AsherArch.com
e. David@AsherArch.com

JAV AND JIM HANGAR
5244/5240 Gulfstream Ct
Northern Colorado Regional Airport
Loveland, CO 80538

PROJECT INFORMATION:
21-019
DOCUMENT DATE:
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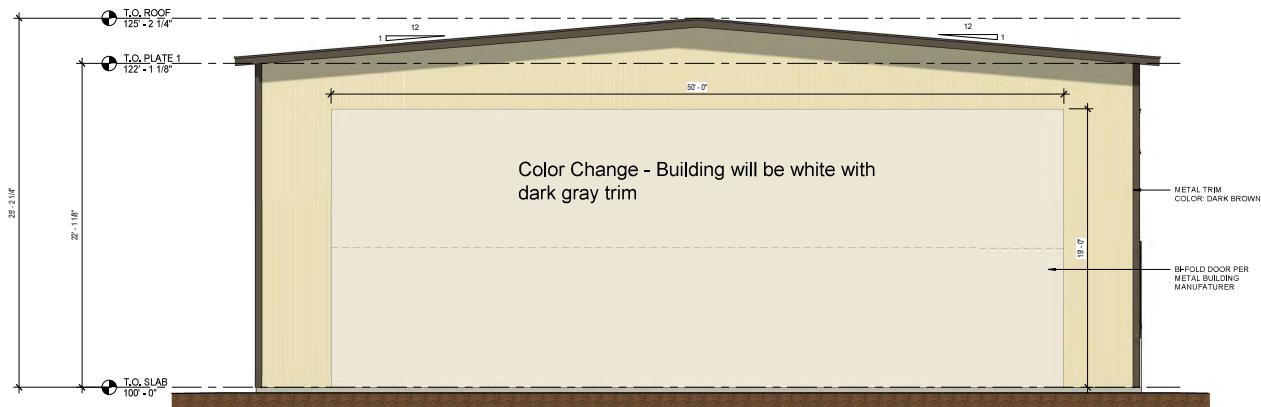
DESIGNED BY	DATE	CHECKED BY	DATE	COMMENTS

ELEVATIONS

2.0



① NORTH (FRONT) ELEVATION - GOLFSTREAM CT.
SCALE: 3/16" = 1'-0"



① EAST ELEVATION
SCALE: 1/4" = 1'-0"



② NORTH ELEVATION
SCALE: 1/4" = 1'-0"

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Loveland, CO 80538

PROJECT INFORMATION:
21-019
DOCUMENT DATE:
8/17/2021 11:12:38 AM
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ELEVATIONS

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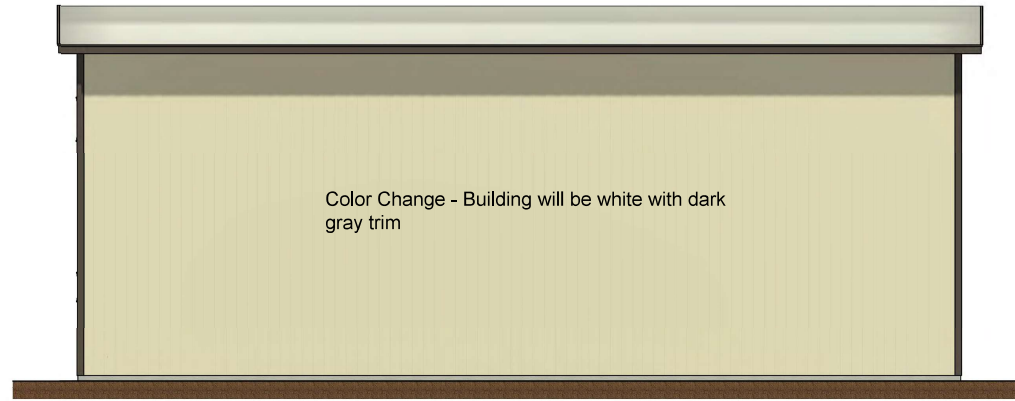
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Loveland, CO 80538

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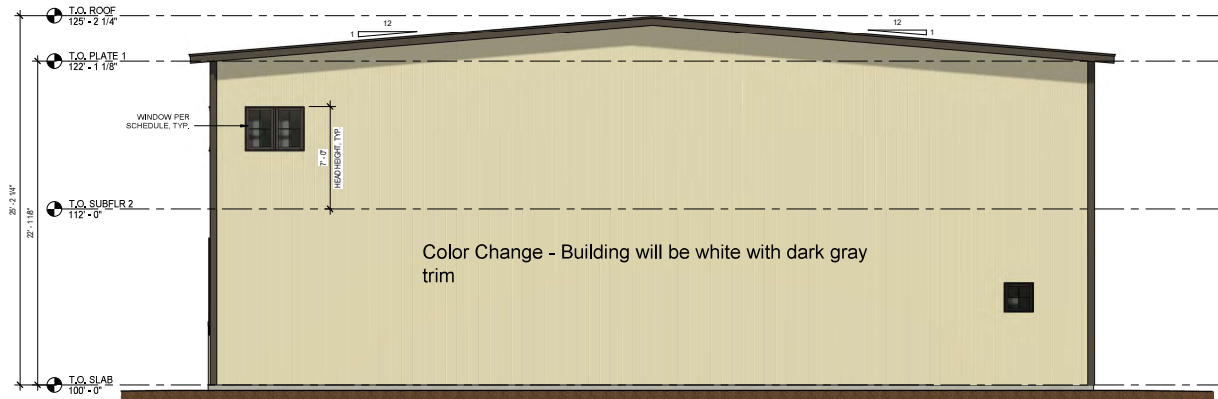
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	8/17/21					

ELEVATIONS

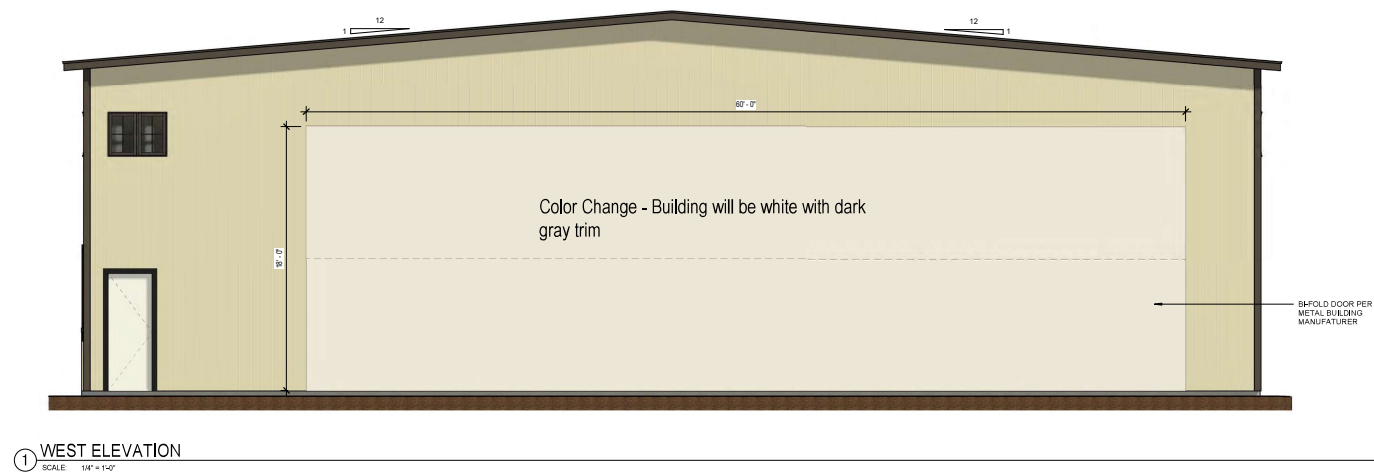
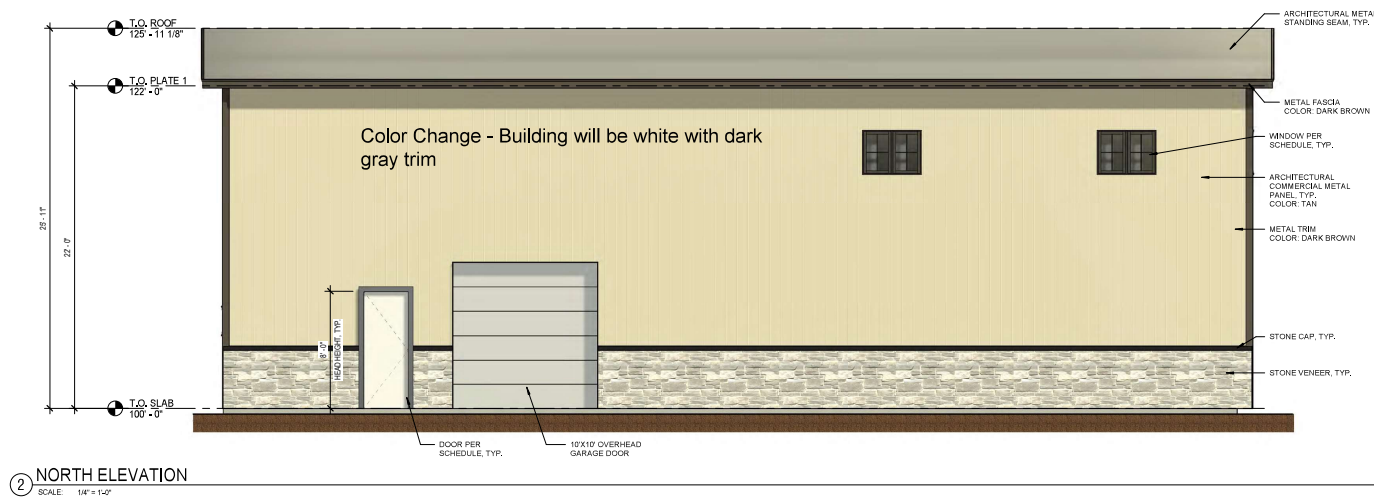
2.1



① SOUTH ELEVATION
SCALE: 1/4" = 1'-0"



② WEST ELEVATION
SCALE: 1/4" = 1'-0"



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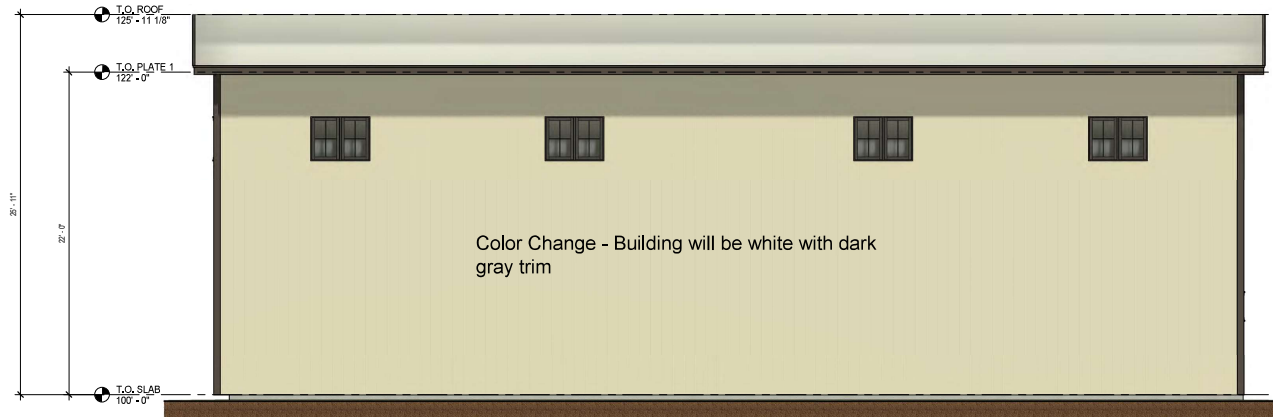
JIM MCCREERY HANGAR
5240 Gulfstream Ct
Northern Colorado Regional Airport
Loveland, CO 80538

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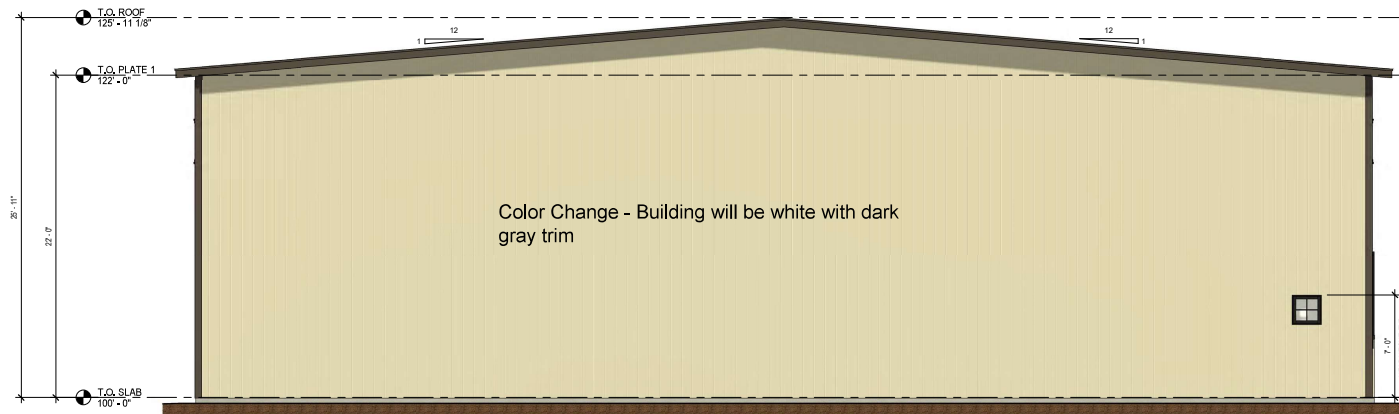
DATE	REVISION	BY	DATE	COMMENT
8/30/21	1	DAVID		

ELEVATIONS

2.0



① SOUTH ELEVATION
SCALE: 1/4" = 1'-0"



② EAST ELEVATION
SCALE: 1/4" = 1'-0"

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PROJECT INFORMATION:
21-019
DOCUMENT DATE:
8/30/2021 9:48:12 AM
DOCUMENT PHASE:
PRELIMINARY DESIGN

DATE	REVISION	BY	DATE	REVISION	BY
8/30/21	1	DAVID			

ELEVATIONS

2.1

RESOLUTION #R-13-2021

A RESOLUTION APPROVING A LEASE AGREEMENT WITH HANGAR FLYING CONDOMINIUM ASSOCIATION FOR LAND AT 5240-5244 GULFSTREAM COURT

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, a parcel of land known as 5240-5244 Gulfstream Court at the Northern Colorado Regional Airport (“Airport”) is available for lease and has been identified on the Airport’s Master Plan as appropriate for hangar development; and

WHEREAS, Airport staff and the Airport Commission’s Planning and Development Subcommittee (“PDSC”) have reviewed a hangar lease proposal from applicant Hangar Condominium Association, and have determined that it complies with the Airport’s adopted standards and policies, including the Land Use and Design Standards, current land lease agreement, and land lease rates. Both staff and the PDSC recommend that the Commission approve the proposed lease, attached hereto as “Exhibit A;” and

WHEREAS, the Airport Commission has also reviewed the proposed hangar lease and desire to approve it as being in the best interests of the Airport and the two Cities.

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

Section 1. That the hangar ground lease with Hangar Condominium Association is hereby approved and the Commission Chair is authorized to execute such lease agreement.

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

ADOPTED this 11th day of November, 2021.

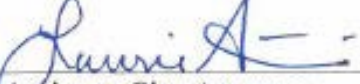
Don Overcash, Chair of the

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

ITEM NUMBER: 6

MEETING DATE: November 10, 2021

PREPARED BY: Aaron Ehle, Airport Planning & Development

TITLE

New Lease Agreement – 5261 Gulfstream Ct

RECOMMENDED AIRPORT COMMISSION ACTION

Approve the hangar ground lease agreement as presented

BUDGET IMPACT

Positive: the lease will generate \$16,675 in revenue during the first year and will be adjusted annually for inflation.

SUMMARY

This is an administrative item. Land lease agreements with terms of more than ten (10) years require the approval of the Airport Commission. The proposed lease is being presented in accordance with all adopted Airport policies, including the current standard land lease agreement and land lease rates. The lease has an initial term of 25 years and three 5-year extension options.

The developer, John Howell, is proposing to construct a 4-unit, 160' X 120' = 19,242 square foot building east of Trans Aero. The hangars will have 62' wide X 19' tall doors. All four units will have restrooms. The project site is adjacent to a 3-unit hangar being developed by Mr. Howell, which is currently under construction. The building will have 79' wide aprons on the east and west sides which will connect to Northrop Taxilane.

The developer would like to have street-side access for the southern two units, with garage doors and walk-through doors on both units. This will require additional security measures and will subject the hangars to TSA and Airport inspections.

The proposal includes 42" of faux-stone wainscoting along the base of the building on the side that faces Gulfstream Ct. Because the majority of the leased premises will be covered by the building and aprons, there is minimal area available for landscaping. There will be some street-facing enhancements consistent with the hangar to the west,

including planter boxes with vegetation from the preferred plant list. Rock and native grasses will cover the remaining area.

This will be a standard 40-year lease (25-year initial term with three 5-year extensions) at the improved rate of \$0.439 per square foot. The lease of approximately 37,985 square feet will generate \$16,675 of revenue in the first year and will be adjusted annually for inflation.

Site Overview



ATTACHMENTS

5261 Gulfstream Ct Lease Agreement
Resolution R-14-2021

**HANGAR GROUND LEASE AGREEMENT
5261 GULFSTREAM COURT**

**CITIES OF LOVELAND AND FORT COLLINS,
COLORADO,
acting by and through the
NORTHERN COLORADO REGIONAL AIRPORT COMMISSION
AND
LATCHED KOWELL, LLC**

**DATED
NOVEMBER 10, 2021**

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EXHIBIT A, Description of Leased Premises

EXHIBIT B, Concept Plan and Building Elevations

LEASE AGREEMENT

THIS HANGAR GROUND LEASE AGREEMENT, made and entered into this ____ day of _____, 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 Latched Kowell, LLC, hereinafter called "**Lessee**."

WITNESSETH:

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

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

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

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

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

ARTICLE 1: TERM; OPTIONS; RIGHT OF FIRST REFUSAL

1.1 The initial term of this Agreement shall commence at 12:01 a.m. on December 1, 2021, and expire at 11:59 p.m. on November 30, 2046, a duration of twenty-five (25) years, hereinafter the "**Initial Term**," unless sooner terminated in accordance with the provisions hereof.

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

1.3 If Lessee desires to continue occupying the Leased Premises after the expiration of all three (3) Extended Terms, Lessee may request in writing 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 as the Cities deem appropriate, including rental rates to include an

assessment of fair market value of the property including the improvements thereon, and duration of the lease term and on the then-current lease form being offered by the Cities.

ARTICLE 2: LEASED PREMISES

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

ARTICLE 3: USE OF LEASED PREMISES

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

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

3.1.2 The Cities make no representations, guarantees, or warranties that the Leased Premises may be lawfully used for the purposes set forth in this Section 3.1. Lessee shall have the sole responsibility of obtaining all applicable permits or other governmental approvals necessary to construct and use the Leased Premises as intended herein. This Agreement is expressly conditioned upon Lessee obtaining all such permits and approvals, 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 \$0.439 per square foot for the 37,985 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 \$16,675 per year, subject to adjustment pursuant to Section 4.2. Notwithstanding the foregoing, and in recognition of the fact that it may take Lessee a period of time to construct the Hangars described in Paragraph 4.4, Lessee's rent payment for the first three months of the first year of this Agreement and excluding any Extended Term shall be waived. If Lessee exercises any option to extend the term of this Agreement under Section 1.2, annual rent per square foot for the first year of such Extended Term shall be the greater of (a) the rent determined under Section 4.2, as if the Initial Term had continued throughout such Extended Term, or (b) the then current market rates for hangar ground leases at comparable airports in the Front Range area, which shall be deemed to include the Denver Metro Area north through Cheyenne. Cities and Lessee agree to use their best efforts to agree on then current market rates, and execute a Lease Extension Agreement, within ninety (90) days after Lessee's written notice of election is received by the Cities. If the Cities and Lessee cannot agree upon the rental rates, the parties agree to submit to mediation before the Judicial Arbiter 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 Lessee, as additional rent, shall complete construction of Hangars and related Improvements on the Leased Premises, in accordance with plans and specifications approved by the Cities.

The Hangars shall, collectively, be at least a total of 19,000 square feet in size and shall have a concrete or asphalt floor, with each Hangar to have at least one aircraft access door sized to accommodate an average private aircraft. Lessee shall use commercially reasonable and diligent efforts to complete construction of the Hangars and other such Improvements within the earlier of eighteen (18) months of the Cities' approval thereof or within two years from the date of this Agreement. If Lessee fails to construct the Hangars and other such Improvements in accordance with the provisions of this section, and such failure to construct is caused by force majeure or improper action of the Cities, then this Agreement may be cancelled by Lessee upon thirty (30) days' notice to the Cities, in which event and as of the date of such cancellation, Lessee shall be released from any further obligations under this Agreement.

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

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

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

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

5.1 Lessee acknowledges that it has inspected the Leased Premises, conducted such studies and tests thereof (including environmental tests) as it deems necessary, and accepts possession of the Leased Premises "as is" in its present condition, and, subject to all limitations imposed upon the use thereof by the rules and regulations of the Federal Aviation Administration, the rules and regulations of the Airport, and by ordinances of the Cities, admits its suitability and sufficiency for the uses permitted hereunder. The

Cities represent to Lessee that, to their knowledge, the Leased Premises are free of any adverse environmental conditions and no part of the Leased Premises lies in a flood hazard area or constitutes a fresh water wetland, nor is any part of the Leased Premises within one hundred feet (100') feet of a fresh water wetland. Except as may otherwise be provided for herein, the Cities shall not be required to maintain nor to make any improvements, repairs or restoration upon or to the Leased Premises or to any of the improvements presently located thereon or placed thereon by Lessee.

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

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

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

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

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

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

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

5.3 Plans and specifications for each of the Improvements and all repairs (other than emergency repairs), construction, alterations, modifications, additions or replacements to the Improvements, including those made to any paving upon the Leased Premises, excluding non-structural repairs, construction, alterations, modifications, additions or replacements costing less than ten thousand dollars (\$10,000.00) shall be submitted to the Cities for approval, which approval shall not be unreasonably denied, providing the plans and specifications comply with the provisions of this Agreement, the Airport Land Use and Design Standards, as well as all applicable building, use and zoning regulations. Submittal of the above described Plans and Specifications shall also include a site plan, drainage plan, and building plan for the initial project development. The site plan shall show the location of all Improvements on the Leased Premises, including the Hangars, pavements, utilities and location of the Hangars on the site. The drainage plan must show how drainage will be handled and be approved by the Airport Manager prior to a

building permit being issued by the City of Loveland. Lessee shall reimburse the Cities for all costs incurred for providing a legal survey and legal description of the Leased Premises and for a proportional share of any costs to bring road access and utilities to the Leased Premises, should the Cities agree to do so. Prior to the commencement of any construction of the Improvements Lessee shall have the Leased Premises staked by a certified surveying company to ensure all Improvements are placed accurately on the Leased Premises. Within ninety (90) days of the certificate of occupancy being received, Lessee shall submit to the Airport Manager a full set of as-built record drawings of the Improvements, which among other things, depicts exact locations of all Improvements, including utilities, made on and/or off of the Leased Premises.

ARTICLE 6: ADDITIONAL OBLIGATIONS OF LESSEE

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

6.2 Further, Lessee shall take all reasonable measures:

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7: INGRESS AND EGRESS

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

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

7.2 The use of any such roadways or taxiways shall be subject to the Rules and Regulations of the Airport, which are now in effect or which may hereafter be promulgated, and subject to temporary closure, provided, however, that any closure shall be only for reasonably necessary or unique circumstances, and provided that fourteen (14) days prior written notice will be given to Lessee relevant to any closure, unless such closure is necessary due to emergency. Lessee, for itself and its authorized subtenants, hereby releases and discharges the Cities, the Commission, their officers, employees and agents, and all their respective successors and assigns, of and from any and all claims, demands, or causes of action which Lessee or its authorized subtenants may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any street, roadway or other area, provided that other reasonable means of access to the Leased Premises remain available to Lessee without cost to Lessee, unless otherwise mandated by emergency safety considerations or lawful exercise of the police power. Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the Leased Premises or in any streets or roadways on the Airport.

ARTICLE 8: INSURANCE, DAMAGE OR DESTRUCTION

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9: LIABILITIES AND INDEMNITIES

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

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

9.3 Lessee shall procure and keep in force during the term of the Lease policies of Comprehensive General Liability insurance insuring Lessee and the Cities against any liability for personal injury, bodily injury, death, or property damage arising out of the subject of this Agreement with a combined

single limit of at least one million dollars or with a limit of not less than the maximum amount that may be recovered against the Cities under the Colorado Governmental Immunity Act, whichever is greater. No such policies shall be cancelable or subject to reduction in coverage limits or other modification except after ten (10) days prior written notice to the Cities. The policies shall be for the mutual and joint benefit and protection of Lessee and the Cities and such policies shall contain a provision that the Cities, although named as an insured, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its servants, agents, citizens, and employees by reason of negligence of Lessee. Lessee shall provide certificates of insurance, in a form acceptable to the Cities and marked "premium paid" evidencing existence of all insurance required to be maintained prior to the commencement of the Agreement.

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

ARTICLE 10: LEASEHOLD MORTGAGES

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

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

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

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

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

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

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

10.5 The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Agreement or of the leasehold estate hereby created, nor shall the Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Agreement or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions of this Agreement. Any Leasehold Mortgagee who takes an instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgagee shall be deemed to be a permitted assignee or transferee, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Lessee to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the owner of the leasehold estate. If the Leasehold Mortgagee or its designee shall become holder of the leasehold estate and if the Hangar and Improvements on the Leased Premises shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or its designee shall be obligated to repair, replace or reconstruct the building or other improvements.

ARTICLE 11: RULES AND REGULATIONS

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

ARTICLE 12: SIGNS

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

ARTICLE 13: ASSIGNMENT AND SUBLEASE

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

below, Lessee shall not subdivide or fractionalize either its ownership of the Improvements or leasehold interest in the Leased Premises.

ARTICLE 14: CONDEMNATION

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

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

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

ARTICLE 15: NON-DISCRIMINATION

15.1 Lessee, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises, for a purpose for which a United States government program or activity is extended, Lessee shall maintain and

operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

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

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

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

15.2.3 That Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

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

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

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

ARTICLE 16: GOVERNMENTAL REQUIREMENTS

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

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

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

ARTICLE 17: RIGHTS OF ENTRY RESERVED

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

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

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

ARTICLE 18: TERMINATION

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

18.2 Subject to the provisions of Section 18.1 above, this Agreement, together with all rights and privileges granted in and to the Leased Premises, shall terminate at the option of the Cities with prompt written notice to Lessee and holder of a Leasehold Mortgage upon the happening of any one or more of the following events:

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

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

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

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

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

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

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

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

18.7 This Lease will terminate at the option of Lessee:

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

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

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

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

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

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

ARTICLE 19: SURRENDER AND RIGHT OF RE-ENTRY

19.1 Subject to Section 8.2 above, upon the expiration, cancellation or termination of this Agreement pursuant to any terms hereof, Lessee agrees peaceably to surrender up the Leased Premises to

the Cities in the condition required by Article 29 below. Upon such expiration, cancellation or termination, the Cities may re-enter and repossess the Leased Premises together with all Improvements and additions thereto, or pursue any remedy permitted by law for the enforcement of any of the provisions of this Agreement, at the Cities' election.

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

ARTICLE 20: SERVICES TO LESSEE

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

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

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

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

ARTICLE 21: SURVIVAL OF THE OBLIGATIONS OF LESSEE

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

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

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

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

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

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

ARTICLE 22: USE SUBSEQUENT TO CANCELLATION OR TERMINATION

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

ARTICLE 23: NOTICES

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

23.2 The notice addresses of the parties are as follows:

To the Cities: Northern Colorado Regional Airport Commission
Attn: Airport Director
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: Latched Kowell, LLC
Attn: John Howell
3803 Oak Shadow Way
Fort Collins, CO 80528
Email Address: jawhowell@gmail.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.

25.7 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:

LATCHED KOWELL, LLC



John Howell, Managing Member

11/5/21
Date

EXHIBIT A

PROPERTY DESCRIPTION

A parcel of land being part of Lot 1, Block 1 of Amended Plat of Lots 1 Through 15, Barnstorm Second Addition recorded June 28, 2004 as Reception No. 20040062364 of the Records of Larimer County, located in the Northeast Quarter (NE1/4) of Section Thirty-three (33), Township Six North (T.6N.), Range Sixty-eight West (R.68W.) of the Sixth Principal Meridian (6th P.M.), City of Loveland, County of Larimer, State of Colorado and being more particularly described as follows:

COMMENCING at the Northeast corner of said Section 33 and assuming the East line of said NE1/4 as bearing South 00°24'38" East being a Grid Bearing of the Colorado State Plane Coordinate System, North Zone, North American Datum 1983/2011, a distance of 2599.42 feet with all other bearings contained herein relative thereto;

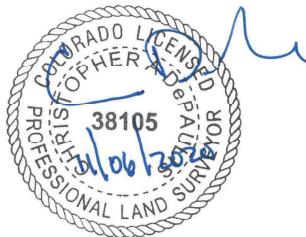
THENCE South 00°24'38" East along the East line of said NE1/4 a distance of 1641.06 feet;
THENCE South 89°35'22" West a distance of 631.79 feet to the Southerly line of said Lot 1 and to the Northerly Right of Way line of Gulfstream Court and to the **POINT OF BEGINNING**;

THENCE North 19°51'54" West a distance of 208.71 feet to the Northerly line of said Lot 1 and to the Southerly Right of Way line of Northrop Street;
THENCE North 70°08'06" East along the South Right of Way line of said Northrop Street a distance of 182.00 feet to a line parallel with and 40.00 feet Southwesterly of, as measured at a right angle to the South line of Gulfstream Hangers #3 Condominiums;
THENCE South 19°51'54" East along said parallel line a distance of 208.71 feet to the Southerly line of said Lot 1 and to Northerly Right of Way line of Gulfstream Court;
THENCE South 70°08'06" West along the North Right of Way line of said Gulfstream Court a distance of 182.00 feet to the **POINT OF BEGINNING**.

Said described parcel of land contains 37,985 Square Feet or 0.872 Acre, more or less (\pm), and is subject to any rights-of-way or other easements of record or as now existing on said described parcel of land.

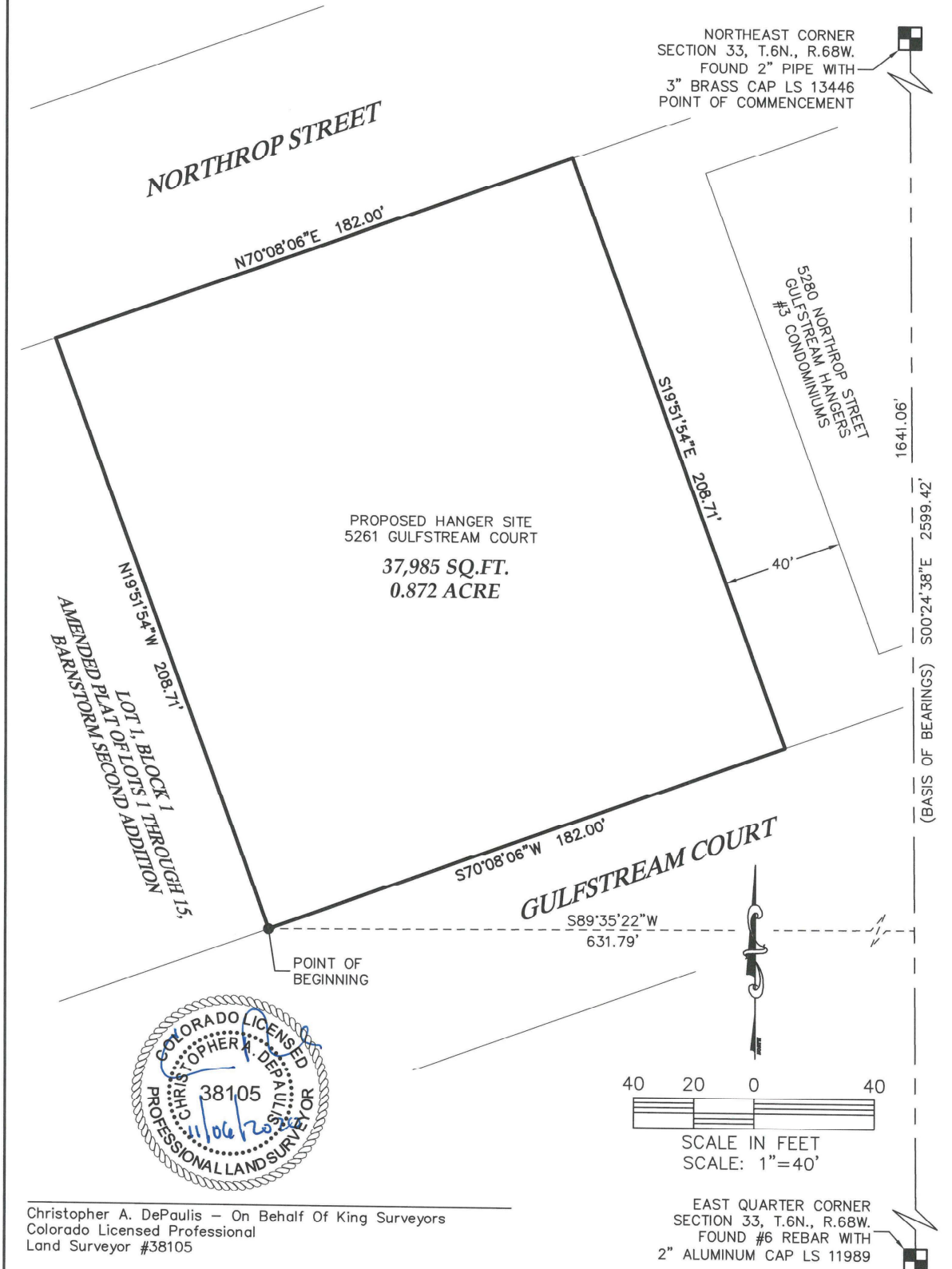
SURVEYORS STATEMENT

I, Christopher A. DePaulis, a Colorado Licensed Professional Land Surveyor do hereby state that this Parcel Description was prepared under my personal supervision and checking and that it is true and correct to the best of my knowledge and belief.



Christopher A. DePaulis- On Behalf Of King Surveyors
Colorado Licensed Professional
Land Surveyor #38105

KING SURVEYORS
650 East Garden Drive
Windsor, Colorado 80550
(970) 686-5011



Christopher A. DePaulis — On Behalf Of King Surveyors
Colorado Licensed Professional
Land Surveyor #38105

NOTE: This exhibit drawing is not intended to be a monumented land survey. Its sole purpose is as a graphic representation to aid in the visualization of the written property description which it accompanies. The written property description supersedes the exhibit drawing.

NOTICE: 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. (13-80-105 C.R.S. 2012)



KING SURVEYORS

650 E. Garden Drive | Windsor, Colorado 80550
phone: (970) 686-5011 | fax: (970) 686-5821
email: contact@KingSurveyors.com 125

PROJECT NO: 20190175-C
DATE: 11/6/2020
CLIENT: NCO REGIONAL AIRPORT
DWG: 20190175C-EXH
DRAWN: CSK CHECKED: CAD

 1 **SITE PLAN**
SCALE: 1/16" = 1'-0"



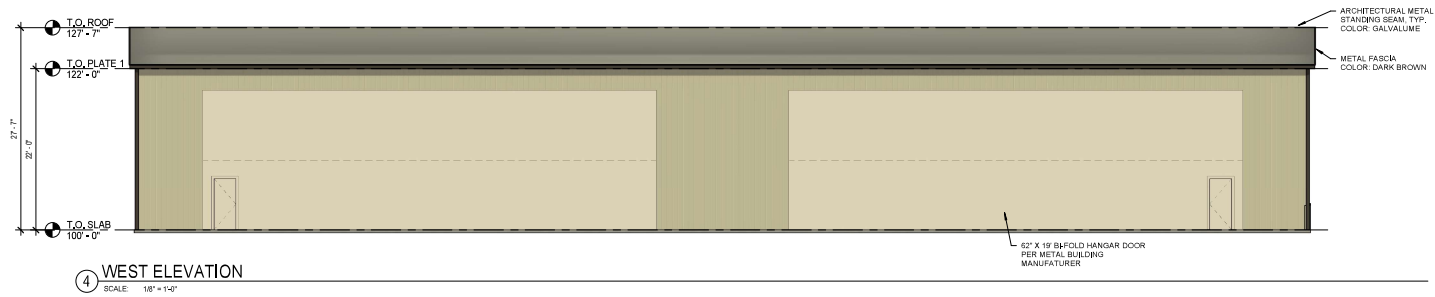
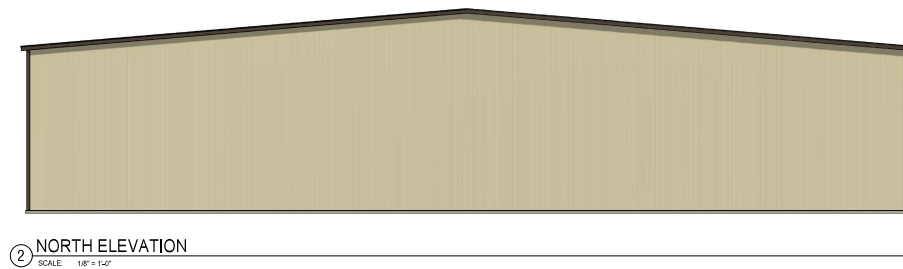
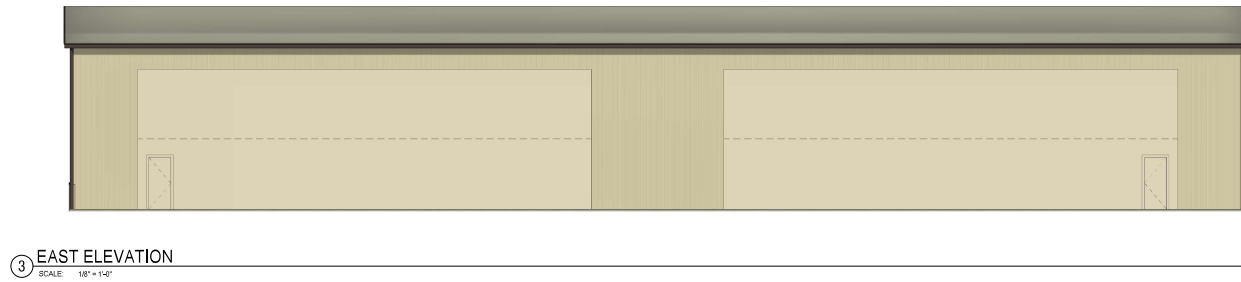
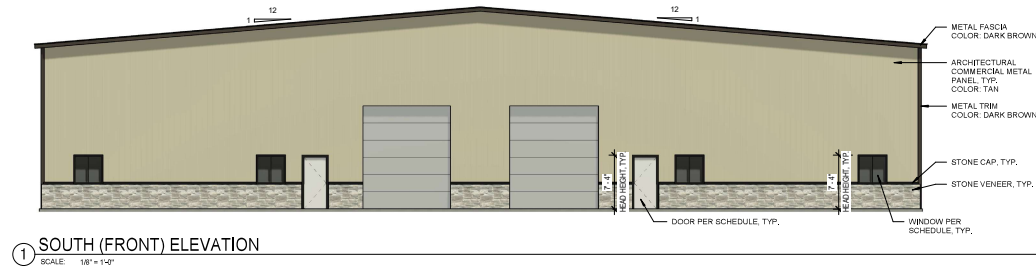
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a: 512 5th St.
BERTHOUD CO. 80513
p: 970-532-9970
w: AsherArch.com
e: David@AsherArch.com

PROJECT INFORMATION:
21-R01
DOCUMENT DATE:
9/21/2021 9:25:06 AM
DOCUMENT PHASE:
PRELIMINARY DESIGN

[illegible]

A1.0



REVIEW SET
NOT FOR
CONSTRUCTION

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**ASHER
ARCHITECTS**

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w. AsherArch.com
e. David@AsherArch.com

JOHN HOWELL HANGAR
TBD GULFSTREAM CT, NORTHERN
COLORADO REGIONAL AIRPORT
LOVELAND, CO 80538

PROJECT INFORMATION:
21-401
DOCUMENT DATE:
9/16/2021 12:11:38 PM
DOCUMENT PHASE:
PRELIMINARY DESIGN

DESIGNED BY	DATE	CHECKED BY	DATE	APPROVED BY	DATE

ELEVATIONS

A2.0

RESOLUTION #R-14-2021

A RESOLUTION APPROVING A LEASE AGREEMENT WITH LATCHED KOWELL, LLC. FOR LAND AT 5261 GULFSTREAM COURT

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, a parcel of land known as 5261 Gulfstream Court at the Northern Colorado Regional Airport (“Airport”) is available for lease and has been identified on the Airport’s Master Plan as appropriate for hangar development; and

WHEREAS, Airport staff and the Airport Commission’s Planning and Development Subcommittee (“PDSC”) have reviewed a hangar lease proposal from applicant **Latched Kowell, LLC**. and have determined that it complies with the Airport’s adopted standards and policies, including the Land Use and Design Standards, current land lease agreement, and land lease rates. Both staff and the PDSC recommend that the Commission approve the proposed lease, attached hereto as “Exhibit A;” and

WHEREAS, the Airport Commission has also reviewed the proposed hangar lease and desire to approve it as being in the best interests of the Airport and the two Cities.

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

Section 1. That the hangar ground lease with **Latched Kowell, LLC**. is hereby approved and the Commission Chair is authorized to execute such lease agreement.

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

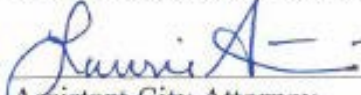
ADOPTED this 10th day of November, 2021.

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

ITEM NUMBER: 7

MEETING DATE: November 10, 2021

PREPARED BY: Jason Licon, Airport Director

TITLE

Avelo Airlines Air Carrier Agreement Amendment

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to approve Resolution R-15-2021 as presented, approving the agreement with Avelo Airlines and recommending to the City of Loveland City Council approve a temporary fee waiver as negotiated in the airport operating agreement

BUDGET IMPACT

Positive, the new air service will bring more revenues to the airport that exceed any temporary fee waivers or marketing assistance provided.

SUMMARY

Airport staff negotiated terms with a new Air Carrier, Avelo Airlines Inc., to provide a second destination that will include twice weekly flights to Las Vegas, Nevada. The terms agreed to for the new service includes fee waivers and marketing assistance that requires approval from the City of Loveland Council in accordance with the adopted Intergovernmental Agreement between the Cities. The Commission previously approved these terms with Avelo in August with Resolution R-11-2021 for the Burbank flight, and this item will seek to replace that resolution with this updated version to include the new flight to Las Vegas. More details on this item can be found within the attachments.

ATTACHMENTS

- Resolution R-15-2021 A Resolution Recommending Approval of an Amended Airline Agreement with Avelo Airlines for Operation at the Northern Colorado Regional Airport
- Draft Amended Air Carrier Agreement with Avelo Airlines
- Avelo Airlines Informational Memo 11-10-21

RESOLUTION #R-15-2021

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 commenced commercial service from the Airport to Burbank, California with two flights per week on October 6 of 2021 and has recently announced an additional two flights per week to Las Vegas, Nevada beginning December 15 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 an amended Airline Air Service Agreement due to the addition of more flights (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 City Council of the City of Loveland must provide the ultimate approval of the fee waiver for the Agreement as required by the IGA; and

WHEREAS, the Commission desires to approve and recommend the fee waiver provisions of the Agreement to the Loveland City Council as being 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 Airline Agreement, attached hereto as “Exhibit” A is hereby recommended for approval by the Airport Commission and recommended to the Loveland City Council to waive the fees as they are adopted .

Section 2. That this Resolution shall replace Resolution R-11-2021 previously approved by the Commission and be effective as of the date and time of its adoption.

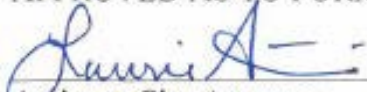
ADOPTED this 10th day of November, 2021.

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 per destination 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. These fees will be waived only for flights serving each destination, with the start of the twelve-month period commencing on the start date of operation. 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 LOVELAND, COLORADO, a municipal corporation

By: _____

Title: _____

Date: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

Assistant City Attorney

Avelo Airlines Inc.

By: _____

Title: _____

Date: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was signed by _____ on behalf of the
Airline and acknowledged before me this ____ day of _____, 20__.

Notary's official signature

SEAL

Commission expiration date



DATE: November 10, 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 began on Wednesday October 6th, operating two roundtrips weekly using 189 seat Boeing 737-800 aircraft. The Airline announced on Wednesday October 13 that they will serve a second destination, Las Vegas NV starting on December 15. This memo provides a brief review of the Air Carrier, the terms negotiated in the agreement, and socio-economic advantages the new services will provide.

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.

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.

The FAA collected fees and taxes in 2019 from general aviation activities amounting to \$267 million or 1.67% of the total revenue provided to the FAA. The remaining 98.33% is derived from airline and cargo related activities. Ticket fees on domestic flights made up the majority or 64.82% or \$10.365 billion, airline international flights contributing 26.77% or \$4.281 billion, cargo transportation contributing 4% or \$650 million, and commercial airline fuel taxes providing the remaining 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.

Financial 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 per route or \$70,000 total
- Marketing support for up to \$15,000 in co-branded airport & airline marketing per route or \$30,000 total

Annual Financial Benefits:

- Provides in excess of 10,000 enplanements within the next calendar year 2022
 - Projected 28,000 enplanements annually from the service (conservative 70% load factor estimate)
 - Direct return of **\$850,000** minimum federal funding in 2024 (\$150,000 to \$1 million)
- Generates new estimated revenue streams of **\$412,000**
 - Passenger Facility Charge of \$4.50 per passenger: \$130,000
 - Parking revenue: \$150,000
 - Concession revenues: \$30,000 annually
 - State & County fuel tax reimbursements: \$32,000
 - Airport fee revenues **after** incentives expire \$70,000



NORTHERN COLORADO REGIONAL AIRPORT

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

-
- Total direct revenues from operational and capital sources **\$1.262 million**
 - Additional advantages include:
 - Provides a direct link to two of the top destination and origination market areas for the region
 - Will support future federal discretionary funding and reduces local financial support need

Conclusion

An airport provided incentives that include fee waivers and marketing assistance 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 and marketing assistance, which is something that is allowed as long as it is temporary in accordance to FAA regulations. Many larger commercial service airports have an adopted airline incentive policy, and this is something that Staff would like to have discussions with the Airport Commission and City Councils about in the future. An amendment to the Intergovernmental Agreement may be required according to the Cities' Legal staff, which would help streamline future airline negotiations.

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, which has already been demonstrated.



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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ITEM NUMBER: 8

MEETING DATE: November 10, 2021

PREPARED BY: Aaron Ehle, Airport Planning & Development Specialist

TITLE

Review Request for Proposals (RFP) For Hangar Redevelopment

RECOMMENDED AIRPORT COMMISSION ACTION

Approve the RFP and solicitation schedule as presented by staff and recommended by the Airport Commission's Planning & Development Subcommittee

BUDGET IMPACT

Unknown

SUMMARY

At the June 17th Airport Commission meeting, a proposal from Fort Collins-Loveland jetCenter involving redevelopment of the Airport-owned T-hangars was presented. Airport stakeholders expressed concern with the proposal, resulting in the item being reviewed further and obtaining input from airport stakeholders. The Commission directed Airport staff and the Planning & Development Subcommittee (PDSC) to collect more stakeholder feedback and to examine potential options and solutions. The PDSC met twice to

At the July 15th Commission meeting, the item was considered for a second time. Stakeholder feedback gathered by email and from the PDSC meeting, considerations, and options were presented to the Commission. Airport Staff and the PDSC were given direction by the Commission to create a request for proposals (RFP) for redevelopment of the Airport-owned T-hangars and development of new hangars in the area east of Lear Drive.

Airport staff has worked to create an RFP and the PDSC has met on four occasions to review drafts and create the document. Based on discussions from those meetings and the August 19th Airport Commission meeting, a third site was been added to the RFP. The site, which is located north of runway 6/24 and west of the Centre Point Business

Park, has been identified as a suitable location for smaller aircraft hangars as outlined in the Airport's adopted Master Plan.

Airport staff presented the completed draft of the RFP at the September 16th Airport Commission meeting. The item was discussed and tabled due to time constraints.

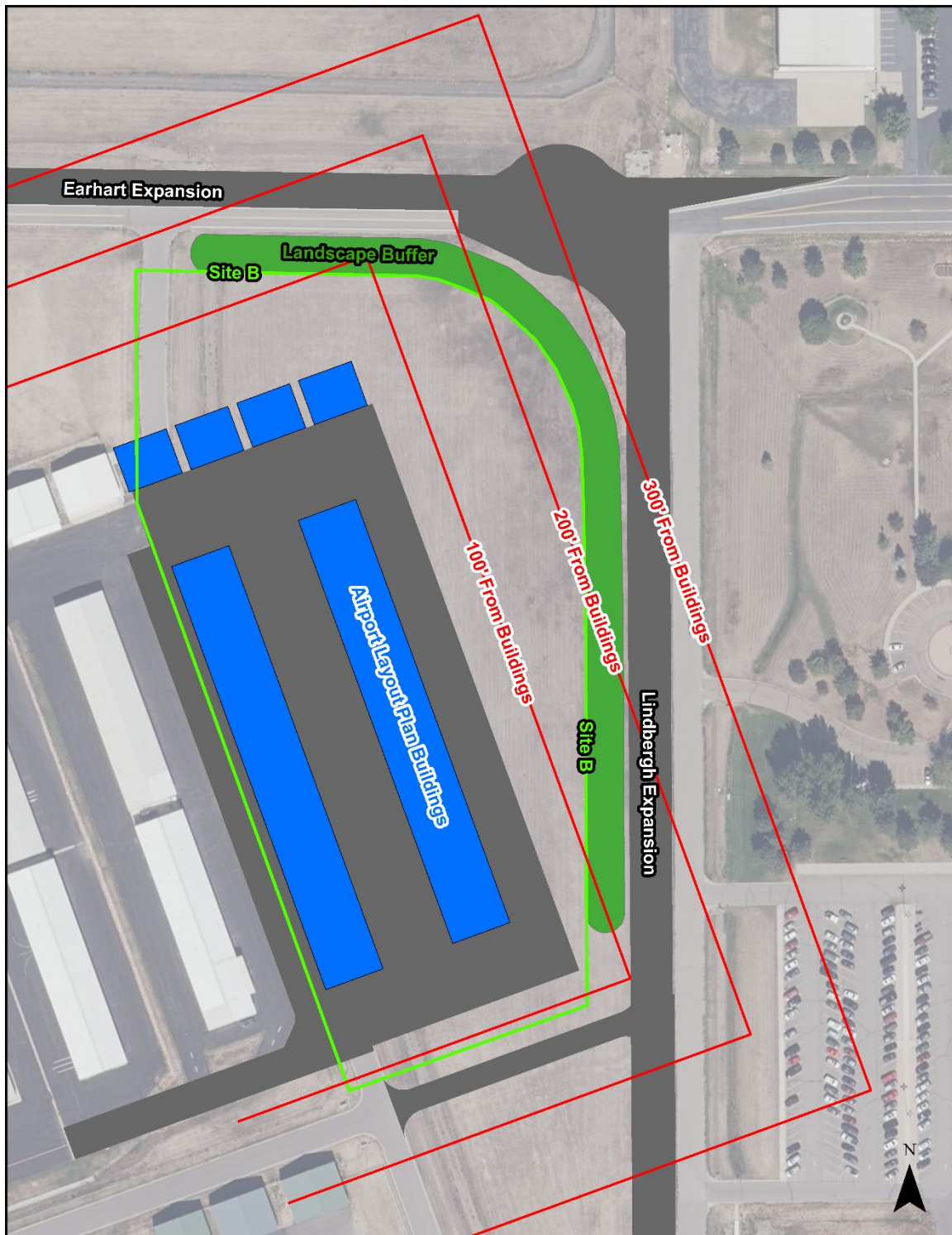
Proposed Evaluation Committee (PDSC except for Airport Commission members)

- Diane Jones – PDSC Citizen Member
- Troy Bliss – Senior Planner, Loveland Development Services
- James Hays – President, FNL Pilots Association
- Josh Birks - Fort Collins Economic Health Director
- Aaron Ehle - Airport Planning & Business Development Specialist

Proposed Advertising and Selection Process Timeline

- November 10 (today): Commission approval of RFP
- November 12: Publish RFP
- December 9: RFP submittal deadline
- December 13 – 23: Evaluate and score proposals
- January 3 – 7: Interviews/presentations with top scoring proposers
- January 10 – 19: Evaluation Committee prepares final recommendation(s)
- January 20: Evaluation Committee provides recommendation to Commission

Site B Detail



ATTACHMENT

Draft Request for Proposals (RFP)



REQUEST FOR PROPOSALS (RFP)
CITIES OF LOVELAND AND FORT
COLLINS
500 EAST 3RD STREET
LOVELAND, COLORADO



NORTHERN COLORADO
REGIONAL AIRPORT

SOLICITATION NUMBER: 2021-109
DESCRIPTION: Northern Colorado Regional Airport Hangar Development Opportunity
RECORDING DATE: XXXX

I. INTRODUCTION

The Cities of Loveland and Fort Collins (hereafter the “Cities”) are soliciting proposals from qualified parties to finance, build, manage, and operate aircraft hangars at Northern Colorado Regional Airport (“Airport”), located in Loveland, Colorado. The Cities are offering three parcels of land to be leased in accordance with the Proposed Airport Lease Agreement (“Lease”) appearing in section XXX hereof, and all other provisions of this Request for Proposals (“RFP”), and to be developed for aeronautical use in alignment with the Airport Master Plan, Strategic Plan, Minimum Standards, and other guiding documents. Those documents can be found at: <https://www.flynoco.com/airport-commission/guiding-documents/>.

The issuance of this RFP **does not** constitute a commitment by the Cities to award a contract, or an agreement to pay any costs incurred by any individual or company in the preparation of a response to this RFP. The Cities reserve the right to engage in discussions with any of the respondents to this RFP to explore the viability of a development arrangement or partnership and/or to negotiate a potential memorandum of agreement and/or definitive contract.

II. PROPOSAL INSTRUCTIONS

Responses to this RFP must be addressed to the City of Loveland Purchasing Division at: bids@cityofloveland.org.

Your email shall state “**Response to Airport Hangar Development Opportunity RFP**” in the subject line. *Please note that email responses to this request are limited to a maximum of 25 MB capacity. Your electronic file shall be one*

*(1) .pdf file only; **NO ZIP FILES ALLOWED**. Electronic Submittals must be received at the e-mail provided above. Submittals sent to any other email address will NOT be forwarded or accepted.*

Responses will be accepted until XXX p.m. Mountain Time, XXXX, XXXX, 2021, at which time they will be recorded. There will be a virtual bid opening on Zoom

<https://zoom.us/j/92900034362?pwd=MTEwUEs5N0NIa01YY2hzODFZUm4yQT09>,

Meeting ID: 929 0003 4362

Passcode: 619491 or call in 1-346-248-7799

All questions regarding this RFP must be in writing and sent to Aaron Ehle, Planning & Business Development Specialist for the Airport, at aaron.ehle@cityofloveland.org. Questions will be accepted until 5:00 p.m. Mountain Time, XXX, 2021.

All questions received by the question deadline stated above will be responded to via Addendum, which will be published at Rocky Mountain e-Purchasing System (www.bidnetdirect.com/colorado).

The Cities are subject to section 24-72-201 *et seq.* of the Colorado Revised Statutes, the Colorado Open Records Act. If you object to the disclosure of any confidential or privileged information as such is defined in the Colorado Open Records Act, any such pages must be marked confidential and submitted as outlined below in the Submittal Instructions. If you fail to mark the documents confidential and fail to include the explanation, any objection to the release of any information will be deemed waived by the Cities.

Please note that your objection will be considered, but is not binding on the Cities. The Cities are required to make a determination under the Colorado Open Records Act, and may only withhold documents that are confidential under the law. If the Cities release documents marked as confidential in compliance with the Colorado Open Records Act, the Proposer(s) waive any claims for liability or damages.

Interested parties are highly encouraged to submit proposals and other relevant information pursuant to this RFP. The Cities reserve the right to engage in discussions with any of the Proposers to this RFP to explore the viability of proposals and to negotiate lease terms.

Responsibility for timely submittal and routing of responses, prior to recording, lies solely with the Proposer(s). Responses received after the closing time specified will not be accepted.

The Cities are committed to providing an equal opportunity for services, programs and activities and does not discriminate on the basis of disability, race, age, color, national origin, religion, sexual orientation or gender. For more information on non-discrimination or for translation assistance, contact the City of Loveland's Title VI Coordinator at TitleSix@cityofloveland.org or 970-962-2372. The Cities will make reasonable accommodations for Proposers in accordance with the Americans with Disabilities Act (ADA). For more information on ADA or accommodations, contact the City of Loveland's ADA Coordinator at jason.smitherman@cityofloveland.org or 970-962-3319.

“Las Ciudades están comprometida a proporcionar igualdad de oportunidades para los servicios, programas y actividades y no discriminar en base a discapacidad, raza, edad, color, origen nacional, religión, orientación sexual o género. Para más información sobre la no discriminación o para asistencia en traducción, contacte al Coordinador Título VI de la Ciudad de Loveland al TitleSix@cityofloveland.org o al 970-962-2372. Las Ciudades realizará las acomodaciones razonables para los Proposeres de acuerdo con la Ley de Discapacidades para Americanos (ADA). Para más información sobre ADA o acomodaciones, contacte al Coordinador de ADA de la Ciudad de Loveland: jason.smitherman@cityofloveland.org o al 970-962-3319.

III. AIRPORT BACKGROUND

Since its opening in 1964, Northern Colorado Regional Airport has evolved to accommodate the aviation demands of the Northern Colorado Region. It is jointly owned and operated by the Cities of Fort Collins and Loveland and supports a diverse mix general aviation and commercial aviation users. The Airport generates approximately \$296 million annually in economic impact according to a Colorado Department of Transportation Division of Aeronautics study <https://www.codot.gov/programs/aeronautics/studies-plans-reports/2020ceis/2020ceisreports/northern-co-regional-loveland-fnl.pdf>.

The Airport is located adjacent to Interstate 25 in Loveland, Colorado, approximately a one-hour drive north of Denver. In recent decades, remarkable population and economic growth have occurred in the Northern Colorado region, particularly in areas along I-25 near the Airport. Once surrounded by empty fields, the Airport is now at the center of a vibrant mix of industrial, commercial, and residential development.

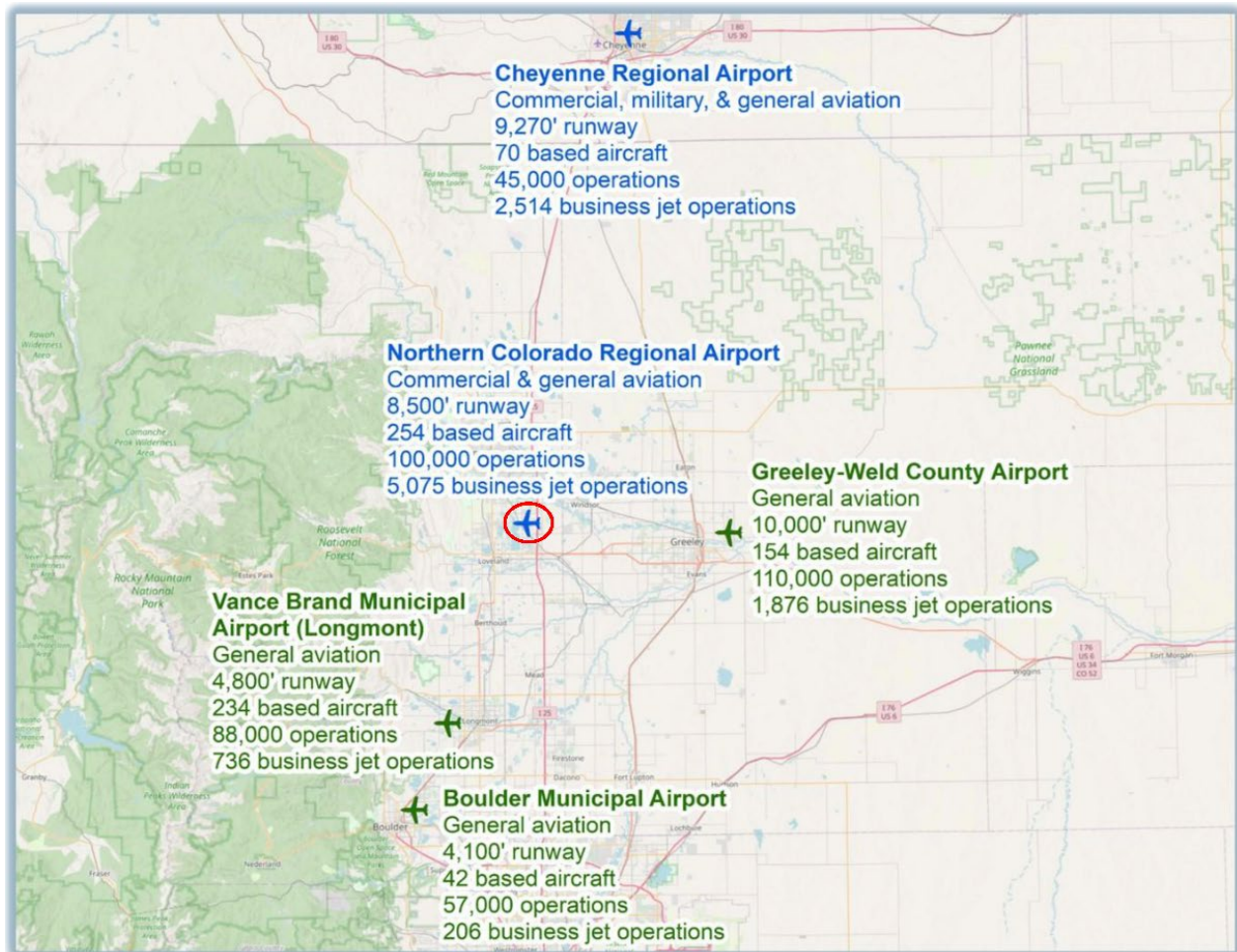


Figure 1 - Airport Vicinity Map

The Airport serves Larimer County and portions of Weld County and is centrally located among the cities of Fort Collins, Loveland, and Greeley. The Airport is home to the innovative Remote Air Traffic Control Tower project: a first of its kind technologically advanced air traffic control tower system that is currently being tested by the Federal Aviation Administration (“FAA”).

The Airport is home to many private-sector developments and businesses that support a wide array of aeronautical activities. There are approximately 200 aircraft hangars and 254 based aircraft. The Airport is one of 12 commercial service airports in the state of Colorado and the only one serving the Northern Colorado region. Avelo Airlines recently announced that scheduled airline service will return to the Airport in October of 2021, with twice weekly service to Burbank CA. In addition to flights, the Airport also supports ground transportation services to Denver International Airport provided by United Airlines and Groome Transportation.

Table 3-11: Summary of Aviation Activity Forecasts, 2018-2038

Aviation Activity	2018	2023	2028	2033	2038
OPERATIONS					
Commercial Service	50 ¹	590	692	812	954
General Aviation	94,650 ²	108,504	118,452	129,313	141,170
Single Engine Piston	63,298 ³	72,372	79,008	86,252	94,160
Multi-Engine Piston	28,470 ³	32,009	34,351	36,854	39,528
Turboprop	285 ³	597	948	1,358	1,835
Business Jet	2,847 ³	3,526	4,146	4,849	5,647
Military	200 ²	200	200	200	200
TOTAL OPERATIONS	94,900²	109,294	119,344	130,325	142,324
Local Operations	35,208 ²	43,280	50,244	58,125	67,034
Itinerant Operations	59,692 ²	66,013	69,100	72,200	75,289
PASSENGER ENPLANEMENTS					
Enplanements	3,388²	48,431	56,829	66,684	78,248
BASED AIRCRAFT BY TYPE					
Single Engine Piston	216 ¹	230	241	253	265
Multi-Engine Piston	16 ¹	16	16	16	16
Glider/Ultra-Light	2 ¹	3	4	5	6
Business Jet	9 ¹	11	13	15	17
Helicopter	13 ¹	15	17	19	21
Total Based Aircraft	256⁴	275	291	308	325

SOURCE: Mead & Hunt, 2018.

NOTES:

1. FAA 2018 APO Terminal Area Forecast Detail Report for FNL.

2. Base year data source: FAA Form 5010.

3. Percentages of GA operations by aircraft by type were extrapolated using the percentages identified in the 2007 Fort Collins-Loveland Airport Master Plan.

4. National Based Aircraft Inventory

Figure 2 – Aviation Activity Forecasts from 2020 Northern Colorado Regional Airport Master Plan
<https://www.flynoco.com/airport-commission/guiding-documents/master-plan/>

In 2020, the Airport was awarded a \$16.87 million grant through the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). A new multimodal passenger terminal is currently being designed, with construction anticipated to be finished in mid-2024.

IV. SITE LOCATIONS

The Cities are accepting proposals for three separate sites. Submittals may contain a proposal to develop one of the sites or a proposal to develop multiple sites.

Site A: Redevelopment of the area housing existing City-owned T-hangars - Approximately 175,752 square feet.

Site B: Vacant land currently outside of the Air Operations Area (AOA) with a road, Lear Drive, to be abandoned to accommodate aeronautical use - Approximately 324,910 square feet. This site has been identified as suitable location for the construction of new aircraft hangars to help offset the loss of T-hangar units from the redevelopment of Site A.

Site C: Vacant land north of runway 6/24, west of Rockwell Ave – Approximately 578,812 square feet.



Figure 3 - RFP Site Locations

In addition to the three sites included in this RFP, the Airport has approximately 160 acres of land available for both aeronautical and non-aeronautical development. For more information, please visit <https://www.flynoco.com/airport-development/>.

V. Existing Conditions

Site A: There are four T-hangar buildings on site A that are owned by the Cities and rented out on a month-to-month basis. There are currently 24 people on waiting lists for T-hangar rental.

- A- Building – 4920 Grumman Street
 - 56 years old
 - 9,100 square feet

- Has been relocated and shortened
- Sliding door
- 8 units with 5 units usable due to ground heaving & door issues
- B- Building – 4910 Grumman Street
 - 51 years old
 - 12,735 square feet
 - Sliding steel door
 - 10 units all usable, but require cabling roof so wind does not blow the doors off and some have frequent flooding issues
- C- Buildings 4930 & 4960 Grumman Street
 - 44 years old
 - 21,330 square feet each
 - Electric bifold doors
 - 40 units all usable, structures are noticeably bent due to soil heaving, frequent flooding issues

Site A is entirely paved. The asphalt is in fair condition.



Figure 4 - Site A Aerial Image

Site B: This site consists of a vacant grassland with a road, Lear Drive, on the western edge.



Figure 5 - Site B Aerial Image

Site C: This site consists of a vacant grassland.



Figure 6 - Site C Aerial Image

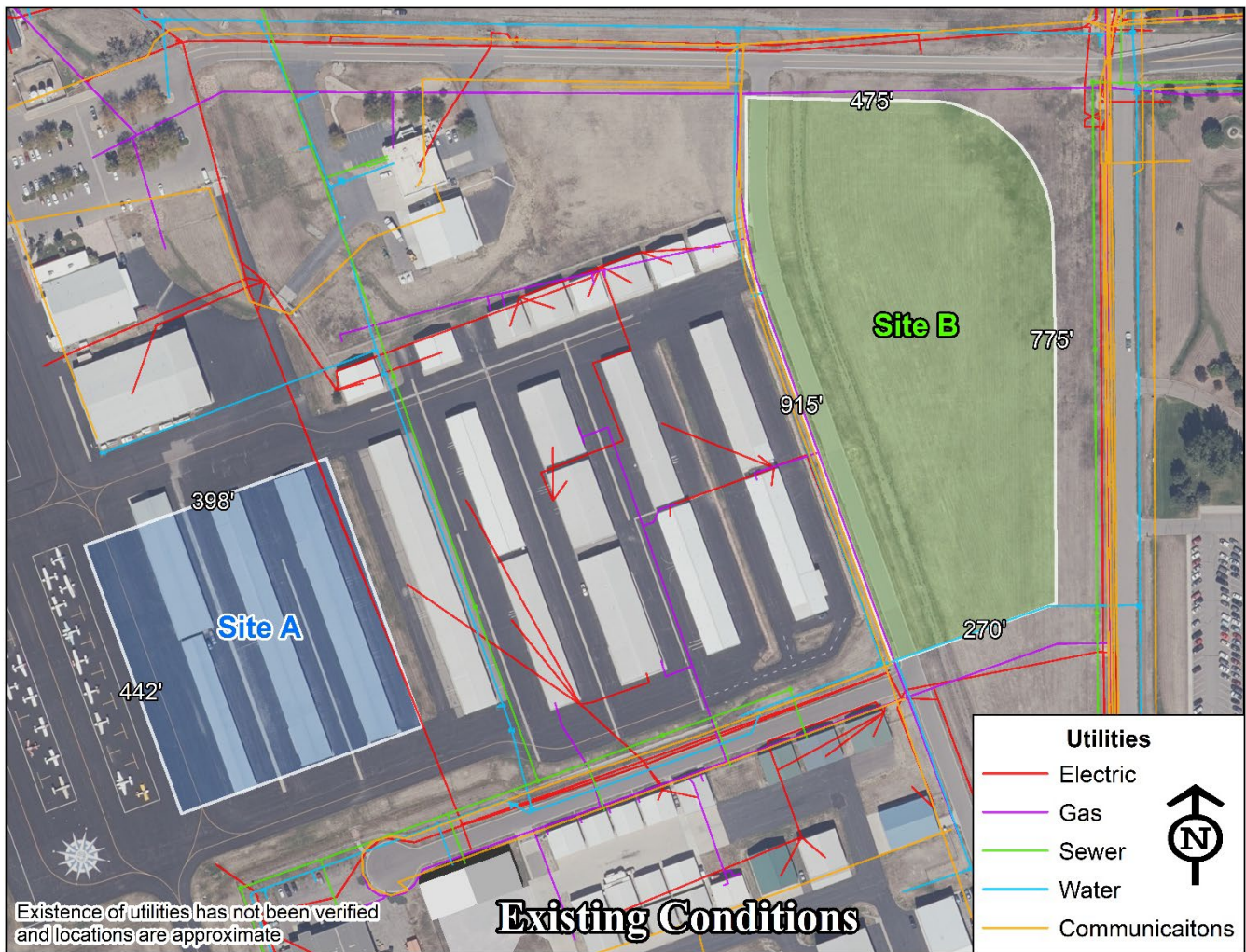


Figure 7 – Site A&B Utilities

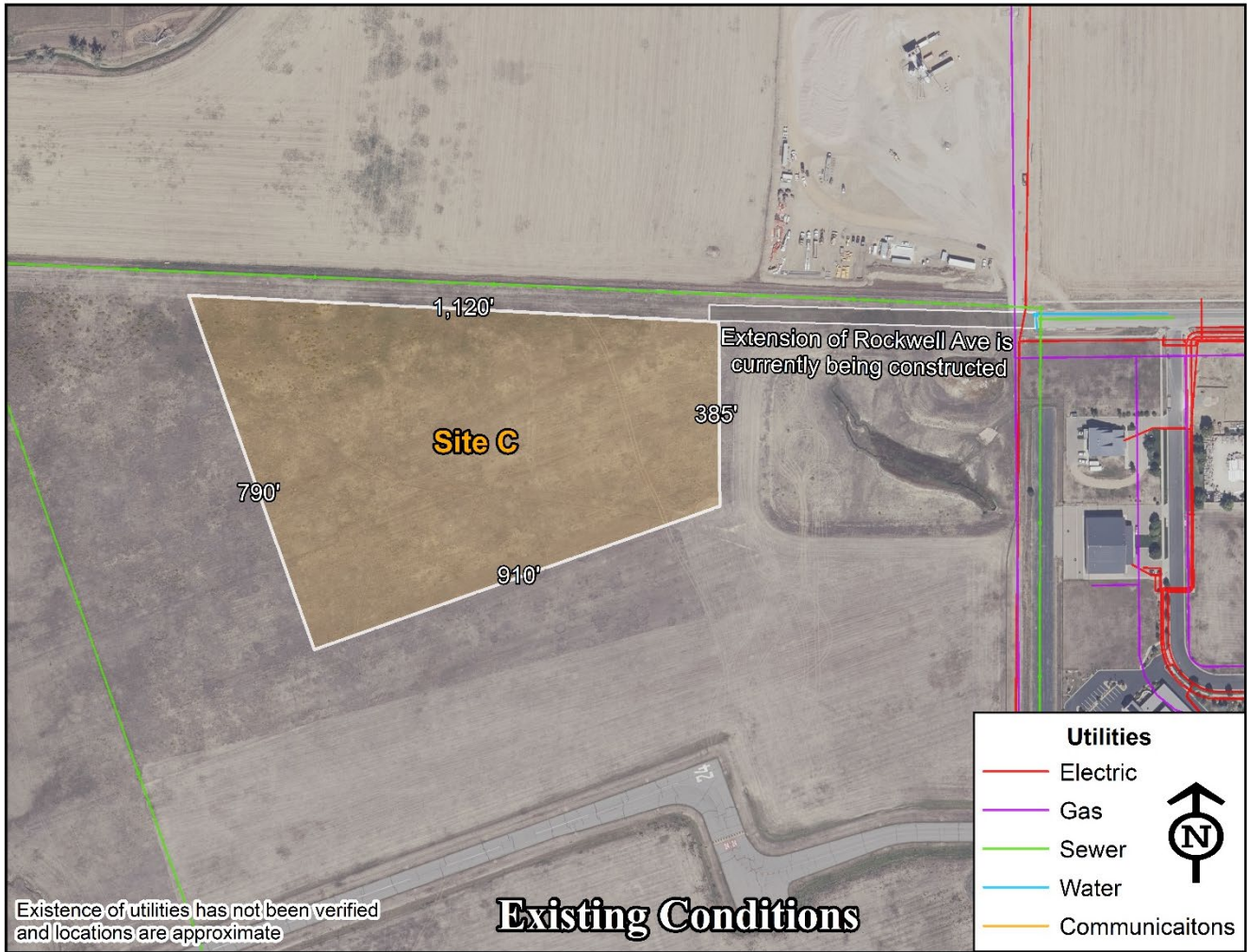


Figure 8 – Site C Utilities

VI. DESIGN CRITERIA

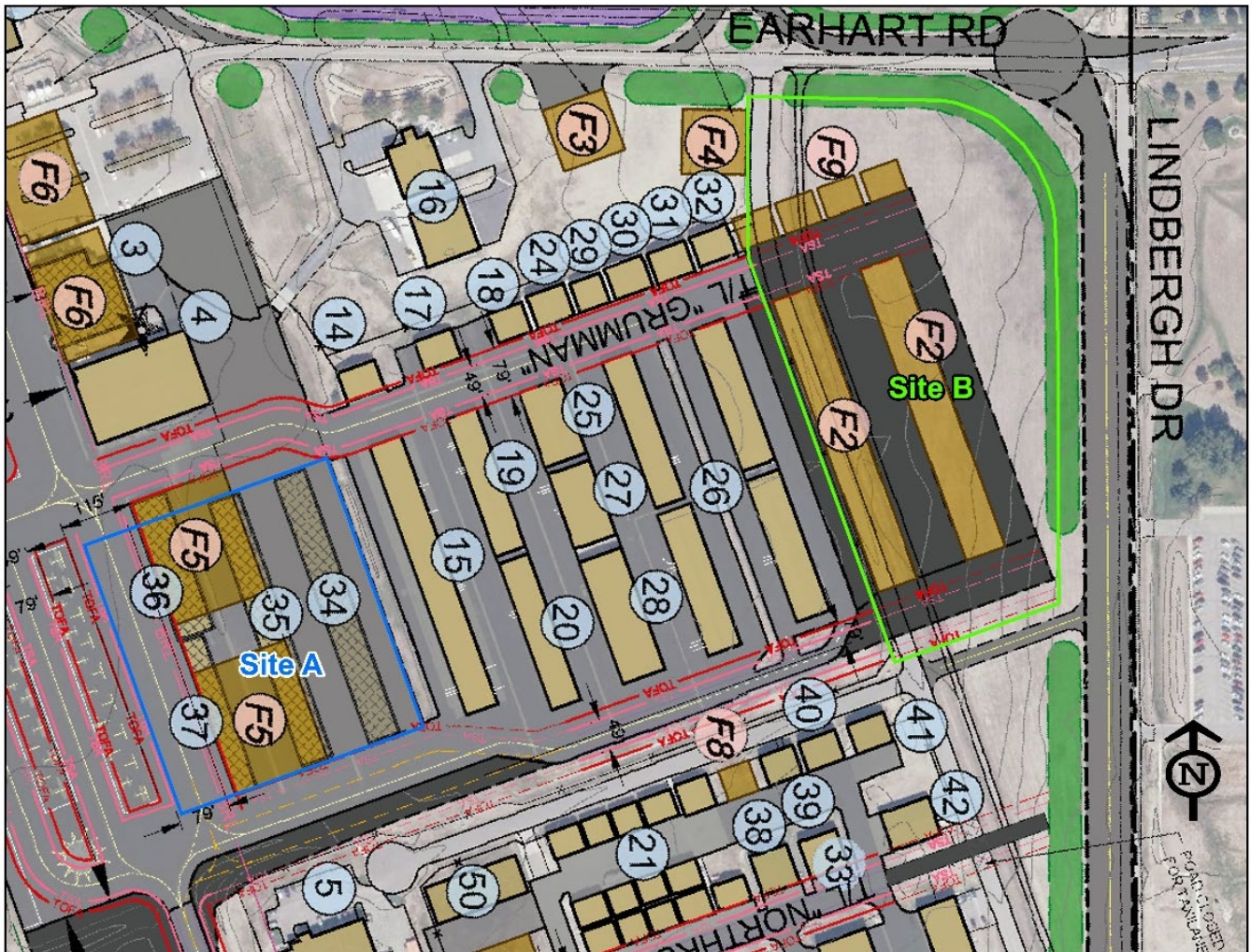


Figure 9a – Site A&B Airport Layout Plan from 2020 Northern Colorado Regional Airport Master Plan
<https://www.flynoco.com/airport-commission/guiding-documents/master-plan/>

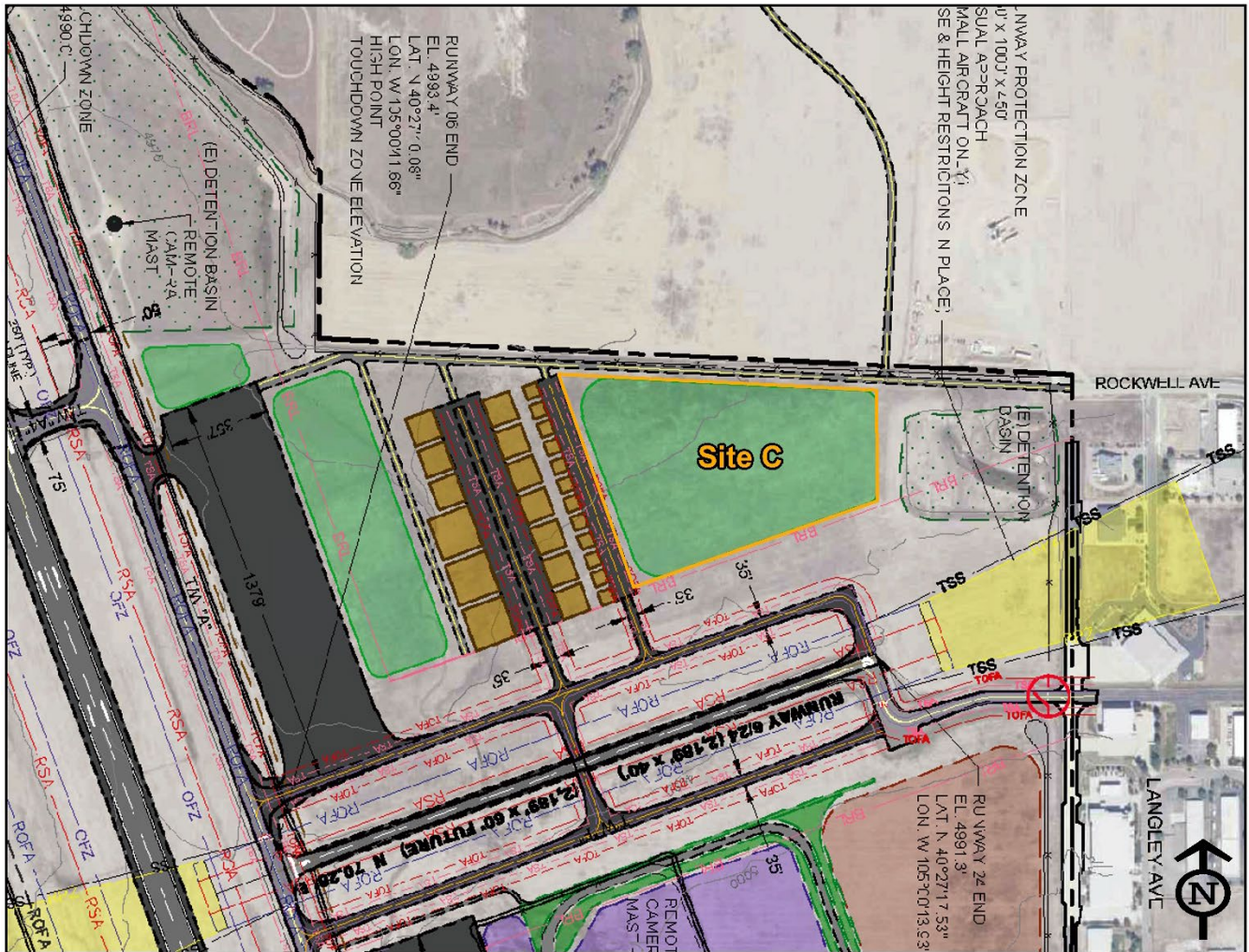


Figure 9b – Site C Airport Layout Plan from 2020 Northern Colorado Regional Airport Master Plan
<https://www.flynoco.com/airport-commission/guiding-documents/master-plan/>

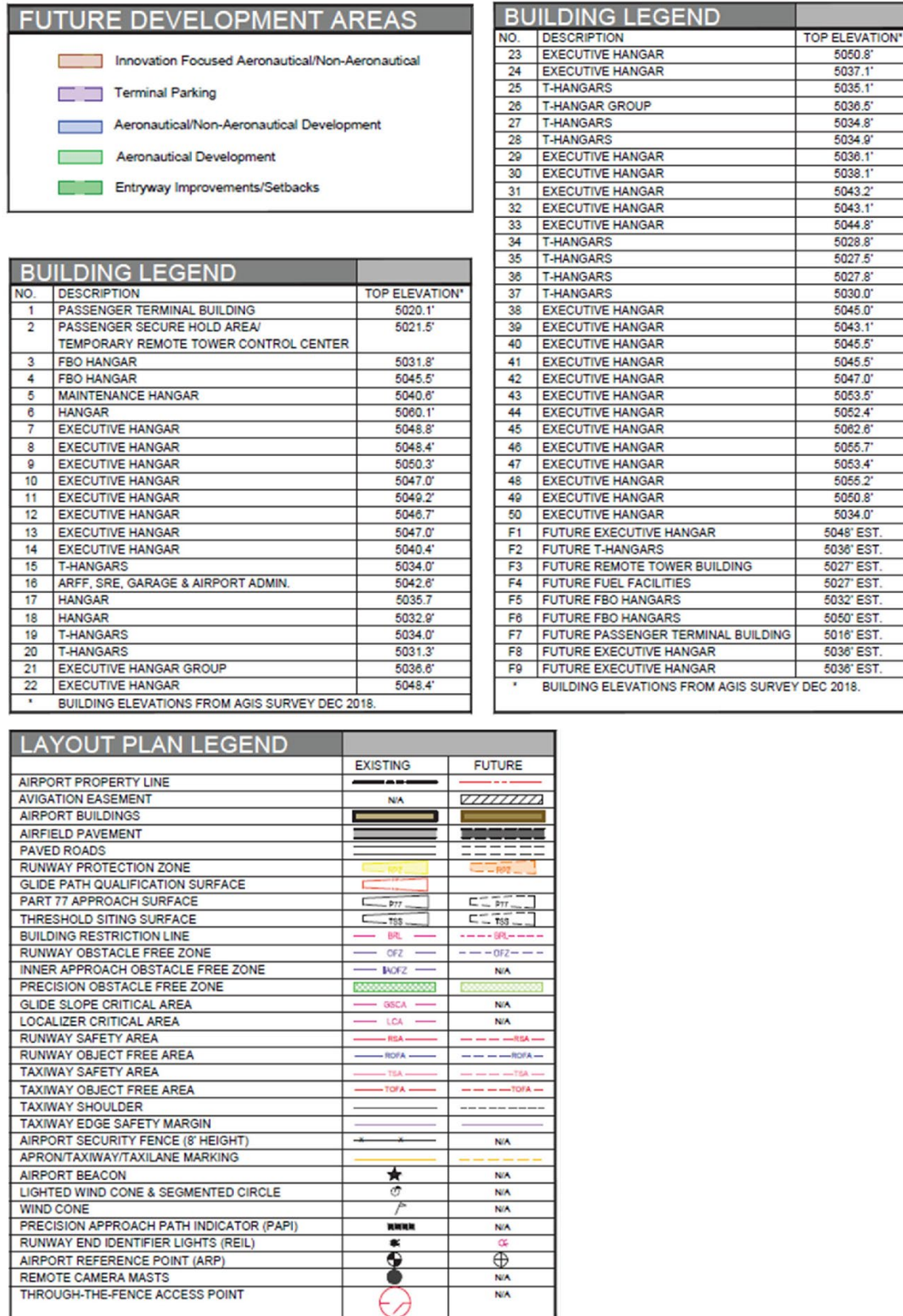


Figure 9c – Airport Layout Plan Legend

Site A:

1. The minimum leasehold area for proposals within site A is 60,000 square feet.
2. The Airport Layout Plan depicts the replacement of the City-owned T-hangars with two 30,000 square foot aircraft hangars with accompanying apron and vehicle access. The Cities will not limit proposals to this particular building layout and will consider layouts that suit the Proposer(s)' aircraft storage and business requirements. Hangar configurations may include corporate hangar(s) or multi-bay box hangars. Hangar buildings shall be at least 20,000 square feet in area with door heights of at least 18 feet. Layouts shall make efficient use of the available parcel.
3. Hangar buildings shall be modern, fully enclosed, high quality, steel buildings equipped with interior and exterior lighting, electrical services, and other amenities as required by the most recent Airport Minimum Standards <https://www.flynoco.com/wp-content/uploads/2020/03/Minimum-Standards-8-22-18.pdf>.
4. Per 2018 International Building Code, which has been adopted by the City of Loveland, hangars shall have restrooms or unrestricted access to a shared restroom within 500 feet https://library.municode.com/co/loveland/codes/code_of_ordinances?nodeId=TIT15BUCO.
5. During construction and upon completion, the project shall ensure integrity of the Airport security fence and boundary to prevent unauthorized persons from entering the AOA.
6. All development shall conform to requirements contained in the currently adopted Loveland Municipal Code https://library.municode.com/co/loveland/codes/code_of_ordinances?nodeId=LOCOMUCO.
7. The successful Proposer(s) must submit a Form 7460 and receive a Determination of No Hazard from the FAA Obstruction Evaluation / Airport Airspace Analysis in accordance with 14 CFR 77.9. This requirement is to ensure the construction does not create an obstruction to air navigation, operationally impact the airport, or cause interference with any radio navigational aids <https://oeaaa.faa.gov>.

Site B:

1. The minimum leasehold area for proposals within site B is 60,000 square feet.
2. The Airport Layout Plan depicts two 30,000 square foot fixed T-hangar buildings and four 3,000 box hangars with accompanying apron, taxilane, and vehicle access. The Cities will not limit proposals to this particular building layout and will consider layouts that suit the Proposer(s)' aircraft storage and business requirements. Hangar configurations may include T-hangar(s), box hangar(s), and/or open-air aircraft shelters. Layouts shall make efficient use of the available parcel.
3. Hangar buildings and/or aircraft shelters shall be modern, high quality, steel structures equipped with interior and exterior lighting, electrical services, and other amenities as required by the most recent Airport Minimum Standards <https://www.flynoco.com/wp-content/uploads/2020/03/Minimum-Standards-8-22-18.pdf>.
4. Per 2018 International Building Code, which has been adopted by the City of Loveland, hangars shall have restrooms or unrestricted access to a shared restroom within 500 feet https://library.municode.com/co/loveland/codes/code_of_ordinances?nodeId=TIT15BUCO.
5. The successful Proposer(s) shall construct pavement connector(s) to the Airport's adjoining taxilanes. The connecting taxilane(s) must adhere to the design standards contained in the most-current version of FAA Advisory Circular 15/5300-13A Airport Design, Chapter 4, Section 404 https://www.faa.gov/documentLibrary/media/Advisory_Circular/150-5300-13A-chg1-interactive-201612.pdf.
6. Lear Drive needs to be closed/removed in order for taxilanes to be constructed to the site. Before Lear Drive is closed, Cessna Drive needs to be connected to Lindberg Drive to provide access to hangars and businesses west of the site. The successful Proposal(s) shall include plans to extend Cessna Drive to Lindbergh Drive as shown in Figure 10.

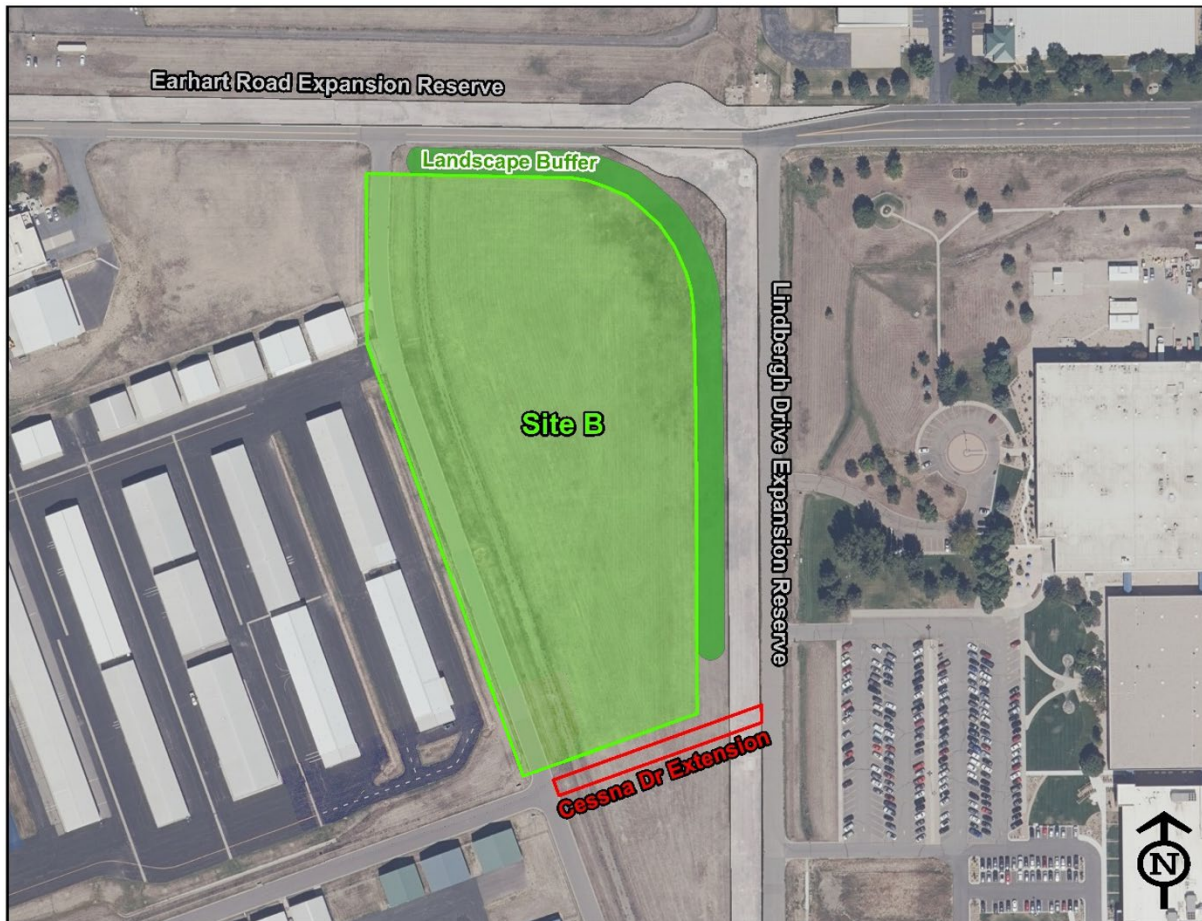


Figure 10 – Site B Criteria

8. During construction and upon completion, the project shall ensure integrity of the Airport security fence and boundary to prevent unauthorized persons from entering the AOA.
9. All development shall conform to requirements contained in the currently adopted Loveland Municipal Code https://library.municode.com/co/loveland/codes/code_of_ordinances?nodeId=LOCOMUCO.
10. Prior to construction, the successful Proposer(s) must submit a Form 7460 and receive a Determination of No Hazard from FAA Obstruction Evaluation/Airport Airspace Analysis in accordance with 14 CFR 77.9. This requirement is to ensure the construction does not create an obstruction to air navigation, operationally impact the airport, or cause interference with any radio navigational aids <https://ocaaa.faa.gov>.

Site C:

7. The minimum leasehold area for proposals within site C is 60,000 square feet.
8. The Airport Layout Plan depicts undefined aeronautical development in this area. Hangar configurations may include T-hangar(s), box hangar(s), and/or open-air aircraft shelters. Layouts shall make efficient use of the available parcel.
9. Hangar buildings and/or aircraft shelters shall be modern, high quality, steel structures equipped with interior and exterior lighting, electrical services, and other amenities as required by the most recent Airport Minimum Standards <https://www.flynoco.com/wp-content/uploads/2020/03/Minimum-Standards-8-22-18.pdf>.

10. Per 2018 International Building Code, which has been adopted by the City of Loveland, hangars shall have restrooms or unrestricted access to a shared restroom within 500 feet
https://library.municode.com/co/loveland/codes/code_of_ordinances?nodeId=TIT15BUCO.
11. The successful Proposer(s) shall construct pavement connector(s) to the Airport's adjoining taxiways/runways. The connecting taxiway(s) must adhere to the design standards contained in the most-current version of FAA Advisory Circular 15/5300-13A Airport Design, Chapter 4, Section 404
https://www.faa.gov/documentLibrary/media/Advisory_Circular/150-5300-13A-chg1-interactive-201612.pdf.
11. During construction and upon completion, the project shall ensure integrity of the Airport security fence and boundary to prevent unauthorized persons from entering the AOA.
12. All development shall conform to requirements contained in the currently adopted Loveland Municipal Code
https://library.municode.com/co/loveland/codes/code_of_ordinances?nodeId=LOCOMUCO.
13. Prior to construction, the successful Proposer(s) must submit a Form 7460 and receive a Determination of No Hazard from FAA Obstruction Evaluation/Airport Airspace Analysis in accordance with 14 CFR 77.9. This requirement is to ensure the construction does not create an obstruction to air navigation, operationally impact the airport, or cause interference with any radio navigational aids <https://oeaaa.faa.gov>.

VII. PERMITTED USES

1. The Lease shall permit the successful Proposer(s) to use the leased premises solely for the construction and operation of an aircraft hangar facility and/or commercial aeronautical business. The successful Proposer(s) may use the leased premises for the purpose of managing, storing, maintaining, and operating the Proposer(s) own aircraft and/or other aircraft. Stored aircraft shall be airworthy and comply with the FAA's Policy on the Non-Aeronautical Use of Airport Hangars <https://www.govinfo.gov/content/pkg/FR-2016-06-15/pdf/2016-14133.pdf>.
2. The successful Proposer(s) will have a non-exclusive right to provide commercial aviation services in a manner consistent with and as described in the most recent Airport Rules and Regulations https://www.flynoco.com/wp-content/uploads/2016/01/rules-regs-final-draft_6-22-06.pdf, and Minimum Standards <https://www.flynoco.com/wp-content/uploads/2020/03/Minimum-Standards-8-22-18.pdf>. Commercial aviation businesses must apply and receive an Airport Business License <https://www.flynoco.com/wp-content/uploads/2020/03/Business-License-Application.pdf>.
3. The successful Proposer(s) may sublease or license use of the hangar to third parties for aviation purposes. Any sublease, sale, or transfer of the Lease shall require approval by the Airport Director or Northern Colorado Regional Airport Commission (NCRAC), as applicable.
4. The successful Proposer(s) shall insert and enforce the following provisions in any agreement, contract, lease, or other arrangement under which a right or privilege at the Airport is granted to any person, firm, or corporation to conduct or engage in any aeronautical activity for furnishing services to the public at the airport:
 - a. To furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and;
 - b. To charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
5. The successful Proposer(s) shall be responsible for and shall pay for maintenance and repair of the land, structures, utilities, and facilities located upon the premises during the term of the subject Lease. The

successful Proposer(s) shall be responsible for all, grass cutting, landscaping, weeding, and routine cleaning of the leased premises.

VIII. IMPROVEMENTS TO BE CONSTRUCTED BY SELECTED PROPOSER(S)

1. The selected Proposer(s) will finance, design, and construct all required utility extensions including water, sanitary sewer, electric power, natural gas, and telephone/data, as well as any necessary storm water management features at no cost to the Cities. The selected Proposer(s) shall be responsible for constructing the improvements in accordance with plans and specifications prepared by a professional architectural engineering firm, which shall be reviewed and approved in accordance with the site plan by City of Loveland Development Services.
2. The selected Proposer(s) shall furnish to the Cities, prior to the start of the work, a Performance Bond equal to 100% of the total construction cost, to guarantee completion of the approved construction.
3. All improvements, including the proposed hangar facilities, constructed on Airport property shall be subject to conditions, restrictions, reservations and prior approvals for the following purposes:
 - a. To encourage and leverage private investment in the Airport and create economic benefit for the Airport, Cities, and region;
 - b. To enhance aesthetic value through consistent, attractive, and compatible development;
 - c. To ensure proper, desirable use and appropriate development and improvement of each site within the Airport;
 - d. To protect Lessees and/or Tenants of buildings against improper and undesirable use of surrounding building sites which will depreciate the value of their leaseholds;
 - e. To ensure and maintain proper setbacks from streets, runways, taxiways, and aprons, and adequate, safe spaces between structures;
 - f. In general, to provide for a high type and quality of improvement of said property;
 - g. To ensure the safety and security of the Airport operation and the operations of Airport Tenants.

IX. LEASE TERMS

1. The Lease is offered with a 25-year term ("Initial Term") with three 5-year extensions ("Extended Term(s)"). At the conclusion of the Extended Terms, ownership of all improvements shall revert to the Cities. If Lessee desires to continue occupying the Leased Premises after the expiration of all three Extended Terms, Lessee may request that the Cities grant a new lease agreement.
2. The lease rate will include annual adjustments based on Consumer Price Index for all Urban Consumers (CPI-U), All Items, for Denver-Aurora-Lakewood, CO as published by the Bureau of Labor Statistics of the United States Department of Labor, 1982-84 base = 100.
3. The actual leasehold parcel shall be determined from the successful Proposer(s) approved site plan and shall include all exclusive-use space necessary to operate the facility. The leasehold parcel shall include hangar building(s), automobile parking areas, landscaped buffers and/or setbacks, aircraft parking aprons, and any exclusive-use taxiway(s) including the Taxiway Object Free Area described in FAA Advisory Circular 150/5300-13A Section 404 https://www.faa.gov/documentLibrary/media/Advisory_Circular/150-5300-13A-chg1-interactive-201612.pdf.
4. The successful Proposer(s) shall be responsible for, and shall pay for all maintenance and repair of the land, structures, utilities, and facilities located upon the leasehold parcel during the term of the subject Lease. The

successful Proposer(s) shall be responsible for all grass cutting, landscaping, and routine cleaning of the leased premises.

X. PROPOSAL REQUIREMENTS

Please submit your response addressing, at a minimum, each of the following items, in the order outlined below. Your PDF shall be one (1) single file only.

1. Letter of Interest

- a. Include the name of the Proposer(s), address, telephone number, name of contact person, and the title of the RFP.
- b. Provide a description of the submitting Proposer(s)' current legal status (i.e., Corporation, Partnership, Sole Proprietor, Joint Venture, etc.).
- c. Expression of interest in leasing Airport property for the development of aircraft hangars and related facilities.
- d. Identification of the type of development that the Proposer(s) has the capability to deliver, along with additional information that assists in highlighting and clarifying potential possible concepts, structures, funding, and creative approaches that could benefit the Airport and its users.
- e. Letter must be signed by an individual who is authorized to certify, on behalf of the Proposer(s), that all statements in the submittal are true and correct. The letter must indicate the title or position that the individual holds and must include the federal tax I.D. number of all firms associated with the submittal.

2. Development Proposal Details (see VI. Design Criteria for requirements specific to each site)

- a. Description/exhibit of proposed leasehold area: Written description and/or diagram identifying the extent of the proposed leasehold area, including dimensions and total area.
- b. Proposed annual rent per square foot based on leasehold area. The current rate for unimproved property (limited or no nearby infrastructure/utilities) is \$0.31 per square foot. The current rate for improved property (adequate access to nearby infrastructure/utilities) is \$0.439 per square foot. If the Proposer(s) intend to generate revenue by sub-leasing existing facilities (Site A only) prior to redevelopment according to a pre-determined phasing schedule, higher rent rates will be required.
- c. Site Plan: Site plan drawn to scale showing existing and planned final contour grades, the location of all improvements, including structures, aprons, taxilanes, walks, patios, driveways, parking, fences and walls, utilities, and the location of all improvements that may occur in future phases. All site data and dimensions shall be included.
- d. Elevations: Colored exterior elevations drawn to scale illustrating all sides of planned structure(s). Building heights to the highest point shall be included. Elevations shall include building mounted signage and descriptions of all materials to be used, including colors, textures, and shapes.
- e. Landscape Plan: Landscape plan drawn to scale showing the size, type, location, and spacing of all plants and other materials, elevation changes, and irrigation systems for all unpaved areas within the leased area.
- f. Project Narrative: A written description of the uses and activities associated with the planned facilities, including number and type of aircraft, frequency of aircraft operations, and business activities. Explanation of anticipated project phasing and construction timelines.

3. Additional Information

- a. A profile of the individual/organization and description of legal structure, principal officers, and organizational structure. Submitting individuals/organizations should identify and distinguish

- between their own experience and qualifications and that of any parent entity, predecessor, and/or wholly owned or partially owned subsidiary.
- b. Resumes of key personnel and principals.
 - c. Audited and certified financial statements, or other similar statement or information indicating financial capacity and capability.
 - d. Experience financing, constructing, managing, and/or operating aircraft hangars or other aeronautical facilities within the last ten years, with an emphasis on similar projects. Information provided should include a description of services provided, examples of successful strategies, with particular attention to:
 - i. Professional references from other entities with whom the Proposer(s) have development, management, operation, or public-private-partnership experience within the last ten years, including contact name(s), address(es), telephone number(s), and industry/facility/project type.
 - ii. An explanation of Proposer(s) experience in working with public entities, including cooperative efforts, philosophy, and results.
 - iii. Other information that could be helpful to the Cities in their evaluation of the qualifications and experience of the Proposer(s). Items could include:
 1. Additional information about relevant project experience and past project results.
 2. Concept(s) for potential development and funding opportunities.
 3. Concept(s) for potential contractual management/operations and lease/agreement term frameworks.
 4. Other concepts or creative implementations that could benefit the Airport and its users and serve the Cities' desired short and long-term objectives.

XI. EVALUATION CRITERIA

The Cities intend to offer lease agreement(s) for proposal(s) that closely meets the evaluation criteria. Incomplete proposal(s) will not be considered. The Cities reserve the right to reject any or all proposals submitted, and to negotiate with any or all of the Proposer(s).

The Cities will evaluate each proposal submitted according to the criteria established below and will analyze information obtained from the RFP package, references, and other sources as appropriate. The Cities may request presentations or interviews with any or all of the Proposer(s). After final scoring, recommendations for an award will be made to the Northern Colorado Airport Commission.

Evaluations will be made using the following criteria:

1. Experience and Detail (20 points)

The Proposer has demonstrated the capacity and support required to successfully complete the project as proposed. The Proposer has experience with successfully completing previous similar projects. The proposal indicates how capable the submitting individual/organization is. There is enough information to indicate that the proposal will be successful.

2. Financial Capability and Level of Proposed Investment (20 points)

The Proposer has the necessary financial resources and/or ability to obtain funding to achieve the desired outcome. The proposal includes cost-related information as required. The level of investment meets or exceeds what is typical or can be accommodated on the site(s). What costs, if any, will the Cities be requested to provide?

3. **Alignment with Airport Guiding Documents** (20 points)

The proposal provides enough information to determine if the information contained in the guiding documents was used when creating the proposal. The proposal furthers the vision and mission of the Airport. The design and operation of proposed facilities aligns with the Master Plan, Strategic Plan, and Minimum Standards of the Airport.

4. **Innovation and Sustainability** (20 points)

The proposal demonstrates original ideas that increase efficiencies within the available space. Ideas are included that would contribute to energy efficiency or environmental stewardship. The proposal contains information about the impact to the financial sustainability of the Airport. There are components of the proposal that demonstrate innovative thinking that will allow the Airport to grow, adapt, and thrive.

5. **Economic & Community Impact** (20 points)

The proposal provides detail about economic benefit to the region. The proposal will help meet the demand for aeronautical facilities and benefit Airport users. The proposal creates long-term jobs and opportunities. The proposal has the ability to leverage revenues for the betterment of the Airport and the Cities. The proposal contains detail about how it will impact existing Airport users, nearby residents/businesses, the Cities, and the region.

DRAFT



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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

ITEM NUMBER: 9

MEETING DATE: November 10, 2021

PREPARED BY: Jason Licon, Airport Director

TITLE

Terminal Building Project Update

RECOMMENDED AIRPORT COMMISSION ACTION

Informational

BUDGET IMPACT

None

SUMMARY

One year ago, the terminal design project kicked off with the selection and negotiation of a team of professionals to begin designing the future airport terminal building. The Airport contracted with the most qualified team that consisted of the airport specialized firm Dibble Engineering and Fort Collins based VFLA Architects to begin designing the project.

Since this time the project team have conducted a stakeholder driven schematic design process that included four Charrette exercises where feedback from airport stakeholders was integrated into every step. The goal of the project is to expand the Airport's Commercial services infrastructure through a sustainable iconic new facility that will serve as a new gateway to Northern Colorado. The current plan includes a 26,600 square foot facility that includes high quality architectural themes and finishes.

The project reached the 30% schematic design milestone in September, and the next step in the process is already underway with a solicitation on the street seeking a construction management company to join the design team. The Construction Manager at Risk (CMaR) project delivery method is a qualifications-based selection process and will establish a negotiated guaranteed maximum price.

Staff and the design team have published the CMaR request for proposals (RFP). Staff have a really good level of interest from many qualified firms that have built similar facilities. This item will review information about the terminal design schedule and

updated cost estimate. Staff plans to seek approval to move ahead with the next phase of design once the selection is complete for the CMaR firm and pricing is negotiated for their services. This is planned for the January 2022 Airport Commission meeting.

ATTACHMENT

- Terminal Project Update Presentation

Terminal Project Update

November 10, 2021

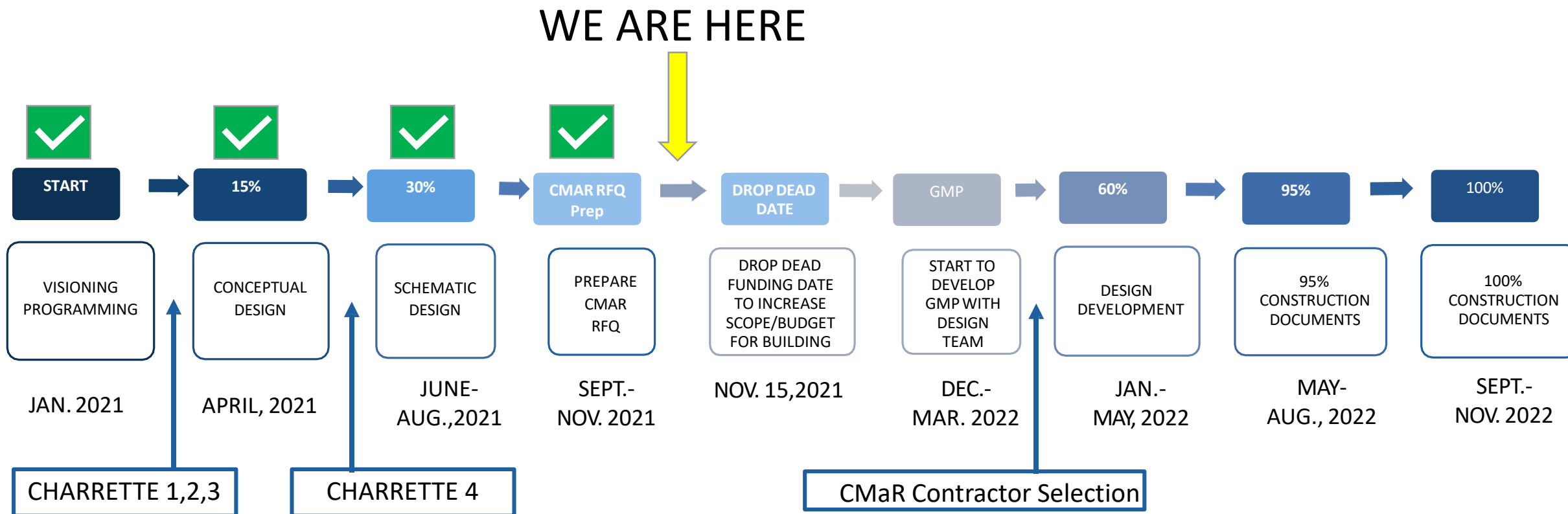
New Terminal

NORTHERN COLORADO
REGIONAL AIRPORT



Design Schedule

NORTHERN COLORADO
REGIONAL AIRPORT



- Solicitation for a Construction Management at Risk firm
 - Request for Qualifications released October 27
 - Have many qualified Construction Management companies interested in providing a proposal
 - Brinkman, FCI, Holder, Q&D Construction, PCL, Willmeng
- RFP Timeline
 - Advertised for bids on Oct 27
 - Preproposal Meeting Nov. 10
 - Proposals Due Dec. 2
 - Shortlist Notification Dec. 13-17
 - Shortlist Interviews Jan. 10-14
 - Recommend to Airport Commission Jan 20
- Selection Committee



Terminal Design Costs

- Current Contract
 - Schematic Design \$499,375
 - Additional Design Scope \$116,850
 - Total \$616,225
- Estimated Remaining Design Costs
 - 31-100% Design ~\$1.2 million
 - CMaR Preconstruction Fee ~\$300,000
 - \$1.5 million remaining



Updated Costs

• Actual Costs	
• Expand Apron & Taxiway E	\$3,011,046
• 30% Design	<u>\$616,225</u>
• Total	\$3,627,271
• Estimated Remaining Costs	
• 100% Design & CMaR Fees	\$1,500,000
• Construction Management	\$1,000,000
• Terminal Construction	\$12,612,356
• Contingencies, Overhead, Inflation	\$3,832,654
• Utilities, Roads, Parking Lots	<u>\$3,610,911</u>
• Total	\$22,555,921
• Total Actual & Estimated Costs	\$26,183,192

Project Funding

• Current Funding Sources	
• Cares Act Funding	\$16,865,798
• FAA Airport Improvement Grant	\$2,459,621
• Total	\$19,325,419
• Cost Difference	(\$6,857,773)
• State Infrastructure Bank Loan	\$5,000,000
• Remaining Balance	(\$1,857,773)

Funding Options

- Reduce roadway and parking lot costs ~\$1.7 million
- Seek additional Federal funding
 - Infrastructure bill potential
- Seek more funds to borrow
 - SIB could accommodate the additional needs
 - \$5 million @ 10 yrs. = \$532,000 annual cost
 - \$7 million @ 10 yrs. = \$745,020 annually
 - ~\$700k payback annually
- Donations
 - Philanthropic, Community Foundation, Naming Rights
- Cities provide additional financial support

What's Next?

- January 20 Airport Commission Meeting
 - Recommendation on construction management company
 - Request for approval of CMaR & remaining design contract
- Meeting with Federal lobbying group to inquire about potential for additional federal resources
- Expect Design to continue through May 2022 when another update will be provided by the design team & updated cost estimates

