



NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

4900 EARHART ROAD • LOVELAND, CO 80538

MEETING AGENDA
THURSDAY MAY 19, 2022
3:30PM – 5:00PM

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

CONSENT AGENDA

1. APRIL 21, 2022 MEETING MINUTES
2. APRIL FINANCIAL STATEMENTS
3. AIRPORT DIRECTOR'S REPORT
4. US CUSTOMS LETTER OF SUPPORT

APPROVAL OF CONSENT AGENDA

AIRPORT DIRECTOR'S REPORT COMMENTS

REGULAR AGENDA

5. REMOTE TOWER PROJECT UPDATE – INFORMATIONAL (15 MIN)
6. HANGAR REDEVELOPMENT RFP RECOMMENDATION – ACTION ITEM (40 MIN)
7. MPS PROPERTIES LEASE EXTENSION – ACTION ITEM (30 MIN)
8. BUSINESS FROM MEMBERS

PULLED CONSENT AGENDA ITEMS

ADJOURN

Meeting Planning Calendar

June 9

- Regional Elected Officials Meeting: Hosted at the Airport by the City of Fort Collins

June 16

- Annual Audit Presentation
- Staffing Analysis Draft Presentation
- Terminal Design 60% Review

July 21

- Legal: Commission Roles and Responsibilities Training
- Strategic Action Plan Update
- 2023 Budget Planning

Next Regularly Scheduled Planning & Development Subcommittee Meeting: May 25 @3:30.

Agenda and materials available at www.flynoco.com/airport-commission/pdsc.



April 21, 2022 Meeting Minutes

Call to Order: Chair Overcash called the meeting to order at 3:30

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

Public Comments: Buster Downey, Lear Earhart Association: Submitted a proposal for the Hangar Redevelopment RFP. Stated significant effort and money has been spent on their submission and urged the Commission to make a decision soon on the redevelopment as more time increases the impacts of inflation and reduces their ability to finance their project proposal. Also stated the water tap, sewer connections, and taxiway extension for Cessna required for their project should be the responsibility of one of their competitors, Fort Collins-Loveland jetCenter. **Martin Lind, Water Valley & Discovery Air:** Requested to speak on efforts towards Customs. The Chair advised him this item would be covered in other business. **Mick Krantz, Nutrien:** Stated he would also like to make a comment regarding Customs during other business.

Consent Agenda

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

Pulled Items None

Consent Follow up None

Monthly Report Follow-up:

- In March, the airport accommodated on average 417 flight operations daily, slightly above the 285 average for the last 12 months
- In mid-March, there were sold-out flights due to increased travel from spring break
- The Monday, Friday schedule is performing well but in May we have a schedule change to Thursdays, and Sundays.
- Earlier this month, the United Airlines Landline operation celebrated their one-year anniversary at FNL
- Landline also announced their third airline partnership with American Airlines operating out in Philadelphia, and Landline also announced an additional venture capital infusion of \$28 million
- The airport received an award last month from the Colorado chapter of American Concrete Pavement Association for Excellence in Concrete Paving for the commercial ramp expansion in partnership with engineering firm, Dibble and hired construction company, IHC Scott



- The manager's report has an attachment to better illustrate the development activities that are in the planning process or active in the airport influence area;
 - Currently there are over 30 development projects on the list and it seems like on a daily basis we have to coordinate FAA air space studies for cranes and for other construction driven airspace safety coordination activities
 - This is just one example of a work product that the Airport coordinates with the FAA and construction companies to keep the area surrounding the airport safe for aircraft

Public Comments: None

Regular Agenda

5. TERMINAL DESIGN & FUNDING UPDATE

Airport and City staff provided Loveland City Council an overview of the multi-modal transportation and technology and training hub projects for Northern Colorado at their special meeting on March 22. The following information is a brief on the information provided:

Congress passed the American Rescue Plan Act (ARPA) on March 11, 2021. City staff have been participating in Northern Colorado regional meetings since late December, 2021 with other local governments and non-profit partners from throughout the region. These discussions are about how to best leverage the final portion of State ARPA funding of approximately \$1.2 Billion to the benefit of Larimer County and its municipalities as well as non-profits. The State desires robust bricks & mortar projects that are both transformational and regional in nature. This regional effort has used foundational pillars that include Safe and Stable Youth & Families, Continuum of Housing Opportunities, Behavior Health Services and Vibrant Workforce / Local Economy / Business Recovery.

The process leading to the award of the State money is still evolving as it still requires action from the State General Assembly. As staff understands it, the timing and milestones will be better understood once the State Legislature appropriates the funding and designates a fiscal agent, which is expected no later than May 11, 2022 or the end of the session. At this point the State agency will have to create and solicit a process for interested projects to submit proposals. This is likely to take at least until July to accomplish. Once the mechanism is created it may take until September or October to review and award funding.



Airport staff hosted Governor Polis and Congressman Neguse on Friday March 26th to visit the Airport and to learn more about the proposed projects. The Governor seemed very interested in what was shared, and was especially focused on the terminal project and commercial air service potential.

Innovation Hub at NoCo Airport

- Project summary
 - New community facility with dedicated space and technology for career and technical education in aviation, avionics, unmanned aircraft, remote tower air traffic control, and more for CSU, Aims CC, and Front Range CC with pathway programs through Poudre School District, & Thompson School District
 - Supplementary funding support for the new airport terminal
- Funding \$39 million total
 - \$24 million for new Technology and Training Hub
 - \$15 million toward new Airport Terminal
- Key Objectives
 - Increase FNL's capacity to support multi-modal commercial aviation activities and the resulting positive tourism and socioeconomic impacts
 - Attract and retain talent through career and technical education, workforce development, and connection to employment in Northern Colorado
 - Drive investment in a targeted, high-growth sector of the economy and position Northern Colorado as a leader in aviation technologies, R&D, manufacturing, and related services
- Relation to COVID-19 Recovery
 - Small business assistance, aid to impacted industries, unemployed worker assistance, relief for disproportionately impacted

Public Comments: None



**6. PHILANTHROPIC
FEASIBILITY STUDY
REPORT**

Public Comments: None

**7. BUSINESS FOR
MEMBERS**

Licon

Nine years ago, airport staff worked with the port of entry at the Broomfield Airport in an attempt to bring a joint Customs agent shared between the two facilities. The opportunity was lost once international companies set up and expanded at Broomfield. Staff then investigated the possibility of a user fee facility but this was postponed due to the pandemic and significant amount of infrastructure required for that program; which required a \$3 million facility and a staff member. O&M costs would be just under \$170,000 a year. Since then, U.S. Customs has been reengaged by Discovery Air, who have learned of an alternate solution, the Reimbursable Services Program. Approval for that program requires much less time for review and significantly less infrastructure investment.

Public Comments: Martin Lind, Discovery Air: Stated three or four years ago they requested Customs services from the Commission and that the need was still present. Discovery Air applied for the Reimbursable Program and provided a tour of their facilities with Customs Border Patrol's Assistant Director and Port Director. The application was provided with three letters from major entities based here in support for the services. Customs has received the applications and advised them review will be completed by Q2 or at the end of June and take at least four months. There are no assurances or guarantee that this will be approved after review. Discovery Air will be responsible for paying for the personnel and provide the office. Discovery Air introduced the idea of partnering to share this burden. Stated this will cost them \$30-40,000 by November or nine months when a decision is finally made, from holding their office off the market. Requested any direction made also include support or lobbying from Governor Polis, Bennet, and Hickenlooper to provide pressure to accelerate Custom's review of the application so a final decision will not take until November.

Overcash

I appreciate your comments. This is not an actual item but we can provide direction. I want to ask the Commission if they are willing to direct staff to work with Discovery Air and negotiate a relationship?



Adams My hesitation is predicated on the answer we receive from Laurie. I suspect Discovery Air is requesting financial contribution to mitigate this burden or a reduction in lease rates to create this partnership.

Overcash Are there any constraints on adjusting lease rates for one tenant that would constrain us in our ability to negotiate that for the airport? Well, I know the FAA has certain rules but are there any legal constraints that say we cannot do this or can?

Stirman Well, that's part of the discussions that we will need to have. I'm comfortable exploring what creative options are available for us.

Direction: Staff will investigate options available for partnering with Discovery Air for support of the U.S. Customs Reimbursable Services Program.

Public Comments: Mick Krantz, Nutrien: Reemphasized their strong support for the Customs services. Stated Nutrien wants to do everything to partner with the community, however it is needed. Also shared that they have a full-time lobbyist in Washington DC available.

Adjournment: Meeting adjourned at 5:13 p.m.

Respectfully Submitted,

Vice-Chair, Tom Fleming



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ITEM NUMBER: 2

MEETING DATE: May 19, 2022

PREPARED BY: Jason Licon, Airport Director

TITLE

April 2022 Financial Statements

RECOMMENDED AIRPORT COMMISSION ACTION

Staff recommends acceptance of the preliminary financial statement as presented

BUDGET IMPACT

Neutral

SUMMARY

The Airport's financial highlights for the first month of the fiscal year include:

- Revenues are right on track with the budget & expenses are tracking lower, however will be impacted by costs associated with summer pavement preservation and maintenance activities that are planned.
- Aviation business lease deferrals totaled \$122,514 for the period April 2020 – April 2022 with two companies with remaining balances in the program. These amounts are reflected within the Hangar Rental and Land Lease revenue line items. This program ended in 2021 and repayment was requested to begin by 2022 with full repayment within three years.
- Fuel revenues are expected to be greater than last year due to rising fuel prices coupled with continued strong demand. The following are the per barrel oil price amounts for the past three months:
 - February 1, 2022: \$97.13
 - March 1, 2022: \$103.41
 - April 1, 2022: \$99.27
- Wholesale fuel volumes sold at the airport were reported by jetCenter as follows:

○ March 2020: 63,991	○ April 2020: 24,041
○ March 2021: 87,781	○ April 2021: 79,856
○ March 2022: 104,025	○ April 2022: 94,987

ATTACHMENT

Preliminary monthly financial statement for April 2022



NORTHERN COLORADO REGIONAL AIRPORT

Airport Statement of Revenues and Expenses From 01/01/2022 to 4/30/2022

PRELIMINARY

	Y-T-D 2022 Actual	Y-T-D 2021 Actual	Y-T-D 2022 Budget	2022 Total Budget	% of Total Budget
OPERATING REVENUES					
Hangar Rental	80,584	82,193	75,000	225,000	36%
FBO Rent	31,391	29,932	32,096	96,287	33%
Gas and Oil Commissions	73,112	45,311	60,000	180,000	41%
Aviation Fuel Tax Reimbursement	76,538	39,640	46,664	140,000	55%
State Aircraft Fuel Tax	44,978	21,936	38,332	115,000	39%
County Aircraft Fuel Tax	31,560	17,704	8,332	25,000	126%
Land Lease	134,427	118,128	123,332	370,000	36%
Land Lease PD Training Ctr	92,139	90,375	126,632	379,900	24%
Terminal Lease and Landing Fees	8,642	510	4,832	14,500	60%
Terminal Lease and Landing Fees	8,642	510	4,000	12,000	72%
Concessions	0	0	832	2,500	0%
Parking	0	0	25,000	75,000	0%
Miscellaneous	11,514	6,718	6,832	20,500	56%
TOTAL OPERATING REVENUES	508,345	412,806	500,388	1,501,187	34%
OPERATING EXPENSES					
Personal Services	221,599	191,102	275,776	827,312	27%
Supplies	47,399	33,398	33,336	100,000	47%
Purchased Services	113,131	87,272	248,471	679,869	17%
TOTAL OPERATING EXPENSES	382,129	311,771	557,583	1,607,181	24%
OPERATING GAIN (LOSS)	126,216	101,035	(57,195)	(105,994)	
NONOPERATING REVENUES (EXPENSES)					
Passenger Facility Charge	0	0	0	0	
Interest Income	6,910	11,205	17,000	51,000	14%
Capital Expenditures	(83,120)	(179,834)	(8,702,385)	(20,369,053)	0%
TOTAL NONOPERATING REVENUES (EXPENSES)	(76,210)	(168,629)	(8,685,385)	(20,318,053)	
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	50,006	(67,594)	(8,742,580)	(20,424,047)	
Capital Contributions	900	252,184	5,527,124	16,581,373	0%
CHANGE IN NET POSITION	50,906	184,590	(3,215,456)	(3,842,674)	
NET POSITION, Beginning	50,906	184,590			
NET POSITION, Ending	19,915,330	16,776,190			
Investment in Capital Assets	15,805,175	13,627,746			
Net Position Available for use	4,110,155	3,148,445			



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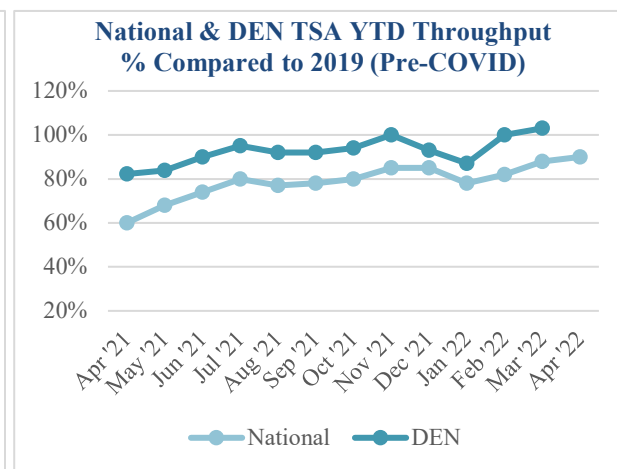
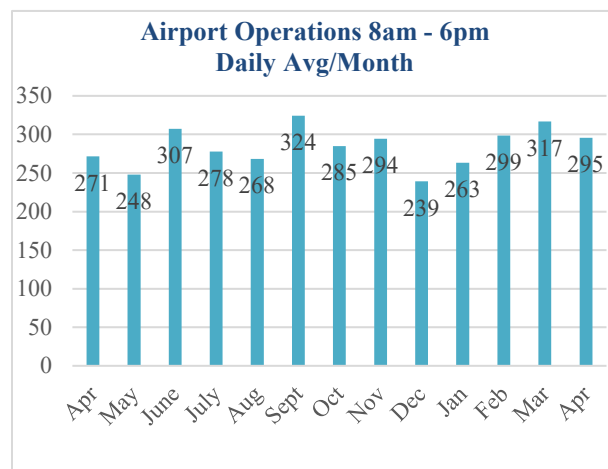
DATE: May 15, 2022
TO: Northern Colorado Regional Airport Commission
FROM: Jason R. Licon, Airport Director
RE: Airport Monthly Report for April

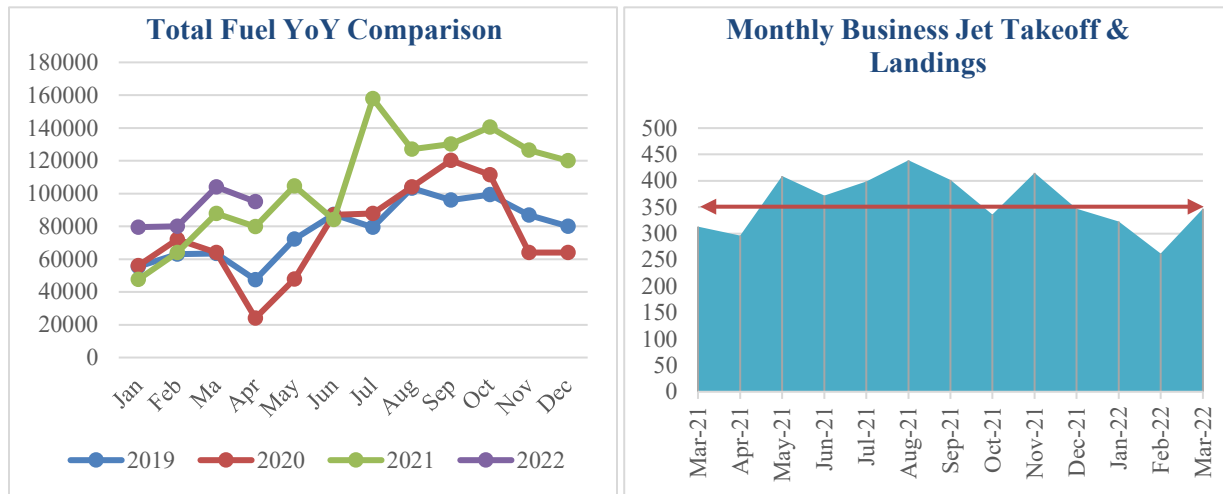
Executive Summary

- Remote Tower Phase 1 Testing by the FAA was completed on April 29, 2022
- The FAA conducted their annual inspection that is a requirement of being one of 12 federally certified airports in Colorado. All requirements were met and the Airport passed the annual inspection.
- Staff is working to finalize a draft staffing plan for the Airport for both short- and long-term needs. Once complete it will be circulated for input by Human Resources.

April Airport Activity Dashboard

- April averaged 295 flight operations a day, twelve-month daily average was 285
- National airline passenger throughput for April was at 90% (vs. 2019)
- DEN Airport March throughput increased to 103% throughput (vs. 2019)
- Wholesale fuel ordered by the jetCenter FBO for April was 94,987 gallons, an increase of 18.9% compared to last year
- Business jet activity for March compared to last year increased by 10.9%





Action Plan Updates

The following action plan was presented and approved by the Airport Commission at the April 1, 2022 meeting. This plan identifies key objectives that will be focused on during the 2022-23 calendar years in relation to the Airport's Strategic Plan. The plan was created by the Airport Commission's Planning and Development Subcommittee (PDSC). The table below contains informational updates for each of the nine objectives in the plan.

Objective	Focus	Due	Update
Enhance and Increase Airport Staffing	Organization Excellence	6/16/22	A consultant has been hired to update the Airport's staffing plan. A first draft of the staffing plan has been completed and staff are reviewing and fine tuning.
Complete planning and design of new terminal building	Multi-modal transit & terminal	12/15/22	The design team and Hensel Phelps are working on the next step of the design process or 60% design. Design team continues to refine project to align with resources. Funding continues to be sought; philanthropy study produced no results.
Complete planning relevant to the hangar proposal submitted by Jet Center, which led to the ongoing request for proposals (RFP)	Capital Projects	10/20/22	Staff have been directed to negotiate with proposers on Site A. Staff is working to determine costs associated with providing infrastructure to support either site B or C as an alternate for offsetting t-hangars.
Enhance political support for the remote tower project	Multi-modal transit & terminal	ongoing	Testing for Phase 1 is completed in April. SRMP (safety risk management panel) is planned for July. Funding for the project has been gained through the 2023 federal fiscal year.
Develop local support for an education and training	Private & Public	7/21/22	Investigation into ARPA funding for aviation partnerships with the local school districts is

center/facility focused on Innovation, Technology, and Aviation	Economic Development		underway. Staff is engaged with educational institutions to solicit interest, with Aims being the most significant interested party. Waiting for state legislature to provide guidance.
Enhance commercial air service	Multi-modal transit & terminal	ongoing	Staff have solicited quotes from air service development consultants in partnership with regional tourism entities. The regional tourism group is looking into the ability to support these efforts and for marketing support for current operators.
Establish the airport as a true Multi-modal transportation hub, including exploration of Union Pacific Railroad opportunities	Multi-modal transit & terminal	2023	Staff met with Alex Gordon from the North Front Range Metropolitan Planning Organization. Airport has been invited to present at the June 2 NFRMPO meeting.
Complete the 2022 scheduled capital improvement projects	Capital Projects	10/20/22	The Capital Projects Plan required a fast update to support the additional infrastructure funding that is anticipated through the bipartisan infrastructure law. This draft will be refined and used for formal adoption in late 2022.
Develop sub-area land plans and procedures for on-airport development	Private & Public Economic Development	2023	This item is to be budgeted for in 2023. Costs are being estimated for this and a draft scope of work will be developed in 3Q 2022.

Apron Expansion & Taxiway Construction Project

The federally funded project that was completed last year continues to make progress on being closed out by the FAA. As a reminder, the project consisted of expanding the commercial apron to tie into the future terminal building, and added a second taxiway connection to allow for more than one aircraft to park and depart simultaneously. This project was substantially completed prior to the airshow allowing for more space to park aircraft during the event. It was also completed under budget, saving the Airport approximately \$50,000 that can be applied toward the Terminal project.

City Council Meetings

Two items were on the agendas for three City Council meetings in April and early May that were approved. The items included an amended easement for the stormwater for the new VA Clinic just adjacent to the airport, and for a modified estoppel certificate for the Discovery Air Leasehold. The items required one reading in Loveland and two separate meetings in Fort Collins in accordance with their respective city codes.

USAF Thunderbirds Planning to Return

The United States Air Force will be returning to the Airport this year to support the Cheyenne Frontier Days event scheduled the week of July 25th. The jet team will be using the airport during this week to practice and conduct the flight operations to support the Cheyenne event. Last year the team used FNL as an alternative to the Cheyenne airport due to runway construction. The primary runway in Cheyenne continues to be closed this summer, which is why they are using our airport again for a second year.



Regional Tourism and Airport Marketing

Airport staff have created several campaigns to help further advertise airline services from FNL and also to attract visitors to the Northern Colorado region. This includes increasing awareness of the airport identifier “FNL”; which previously was not as visible as it was not used in the global travel network systems even when Allegiant serviced this airport. This increased visibility has been brought about specifically by United Airlines and their partnership with Landline and now furthered by air service from Avelo Airlines. Staff are continuing to update and refine Google display ads and social media ads for summer and have enlisted the support from the regional tourism group. An additional campaign for digital or print ads at Burbank airport is also being pursued to increase inbound travelers.



Planning & Development Update

- In April, Airport staff participated in three concept review meetings for potential projects near the Airport.
- On April 7th, the request for proposals (RFP) for concessions and vending at the terminal closed. Three responses were received. The current vending provider was selected to continue providing vending services.
- On April 12th, Aaron Ehle, Airport Planning & Business Development Specialist, attended a meeting and tour of the Discovery Air Torrey's Peak hangar with the Area Port Director and Assistant Port Director of U.S. Customs and Border Patrol (CBP). The establishment of a user-supported Customs facility at the Discovery Air campus was discussed. An application to participate in CBP's Reimbursable Services Program has been submitted and will be reviewed in June.
- From April 26th to the 28th, Planning & Business Development Specialist Ehle attended the American Association of Airport Executives National Airport Economic Development Conference in Minneapolis, MN. He was invited participate as a presenter and spoke about the vibrant Northern Colorado economy and development projects at and near the Airport. He also talked about some of the unique opportunities and challenges the Airport is experiencing.



Triennial Emergency Exercise Planning

The airport is required to conduct a full-scale emergency event every three years to remain compliant with FAA regulations. These training drills provide the opportunity for emergency responders to test equipment and capabilities to ensure operational readiness and effectiveness. The exercise is planned to be held at the airport on Tuesday September 20th with a back up weather date of Tuesday September 27th. Representatives from the Loveland Fire and Rescue Authority, Thompson Valley EMS, Loveland Police, Loveland Communications, Avelo Airlines, Fort Collins – Loveland JetCenter, and Airport staff are all involved in the planning for this event. More agencies will be invited to participate in the actual event that include mutual

responding agencies from Fort Collins, Larimer County, and Windsor/Severance. Below is an image from the October 2019 exercise.



Attachments

1. WEPA Remote Tower Project Manager Report for April
2. Landline has raised \$28M in New Capital
3. Landline wants to fully check you in for your flight
4. Kongsberg and the city of concord complete first milestone toward air traffic management modernization



April 30, 2022

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

Section A – Remote Air Traffic Control Contract Progress Report #10

Re: Period: April 1 through April 30, 2022

Activity	Status/Start Date (Projected)	Finish Date (Projected)	Remarks
Remote Tower Implementation			
STARS FTI Comm line	TBD	4/29/2022	Awaiting FTI installation of communication lines
Remote Tower System			
System Upgrade - Tech Refresh	In-Progress	TBD	Continuing
Video Grabber Playback System	9/27/2021	Complete	Awaiting equipment installation in Washington
Remote Tower Testing			
Serco Controller Staff Remote Tower	10/1/2021	Ongoing	Controllers familiarization exercise underway
Phase 1 - Passive Testing	3/21/2022	4/29/2022	
Period 1	3/21/2022	4/1/2022	Flight test scenarios 4/30/22
Period 2	4/18/2022	4/29/2022	Flight test scenarios 4/19,20,22/22
Safety Risk Manage Panel	7/11/2022	7/15/2022	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	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

Remote Tower Project Narrative:

The four weeks of Phase 1 testing concluded on Thursday, April 28, 2022. Overall, the Phase 1 testing was successful and we were able to collect a significant amount of data that will be used to produce the Phase 1 Test Report. The Test Report will be submitted to the Safety Risk Management Panel (SRMP) to begin the Safety Management System (SMS) process that when complete will permit us to move forward into Phase 2 active testing where the remote tower will provide airport traffic air traffic control with the mobile Air Traffic Control Tower (ATCT) being the safety mitigator.

Prior to the beginning of Phase 1 the two pan-tilt-zoom (PTZ) cameras on the central mast were relocated one each to the end masts.

Attending the last week of Period 2 of Phase 1 testing in addition to the NextGen Project team, their contractors and the Project subject matter experts were:

1. NextGen Acting Director of Portfolio Management and Technical Services
2. Headquarters' Representatives of Aviation Safety and Technical Training (AJI),
3. Headquarter representative of Aeronautical Information Services (AJV)
4. Two Headquarters Air Traffic (AJT) personnel
5. Three NATCA National personnel.
6. Local NATCA Article 114 representative

During Period 2 of Phase 1 testing, scripted scenarios were flown by volunteer pilots with ground operations performed by airport staff operating vehicles to determine the controller's ability to:

1. Perform landing gear checks.
2. Verify an aircraft's position on the runway by reference to distance markers (3000', 4500' and 6000' from runway end) on the video display to ensure a controller can provide the necessary runway separation.
3. Assess if an aircraft is misaligned for landing.
4. Handle a simulated emergency; aircraft departing Runway 33-15 and simulating landing on Runway 6-24.
5. Detect a vehicle in the movement area and if it is on the runway.
6. Detect a person on/in the movement area.

In addition to the scripted scenarios, Targets-of-Opportunity provided the majority of the data for Phase 1. The primary objective of these observations was to assess the ability of the controllers to visually acquire aircraft entering the Class E airspace and maintain visual contact with aircraft maneuvering in the local airspace and traffic pattern.

The local and ground positions were staffed by Serco air traffic controllers and the supervisor's position was staffed by the project's Article 114 NATCA representative. As in Period 1 of Phase 1 testing which occurred in March, the Headquarters subject matter experts (SME) observed the Serco controllers on position and queried them on the following:

1. When and at what distance they were able to visually acquire an aircraft entering or departing the local airspace.
2. Could they maintain visual contact with aircraft in the local airspace and traffic pattern and if visual contact was lost at what point and distance was visual contact re-acquired.

3. Their ability to acquire and maintain visual contact with aircraft in the local airspace and traffic pattern based on aircraft type, color and size, as well as atmospheric conditions (visibility, clear, cloudy, etc.).
4. Ability to identify aircraft and at what position/distance.

A failure analysis was to be conducted during the last week of Period 2 of Phase 1 testing by disabling components of the remote tower system such as:

1. Various displays on the video wall.
2. The entire video wall.
3. One or more cameras on the different camera arrays (central mast and/or end masts)
4. The pan-tilt-zoom cameras on end masts.
5. The pan-tilt-zoom on the central mast integrated with the signal light gun.
6. The human-machine-interface (HMI) at the controller working positions.
7. The video displays at the controller working positions.
8. The SWIM (radar) feed.

Note: Not all of these failure modes listed above were tested. In particular, testing with the video wall disabled and controllers using the stitched displays at the controller working positions (CWP) was not performed.

The primary focus of the testing was on visual operations with very little testing with the SWIM (radar) display available to the controllers.

The failure analysis was made to determine when the system was degraded, but usable, and when it was critically faulted (ATC 0 – tower shut down). The representatives of Air Traffic have said the loss of the video wall would result in the requirement that the system be ATC 0. This pronouncement was made without testing the ability of controllers to compensate for the loss of the video wall by using the video displays at the individual CWP, local, ground and supervisor. I strongly objected to this requirement by pointing out that the CWP displays:

1. Provided the same 360° view as the video wall while being closer to the controller, 18” versus 7’ for the video wall.
2. Have the advantage of being able to compensate for loss of a camera on the central and/or end mast panoramic views by replacing it with a PTZ inset. This functionality is currently not available on the video wall.

So far, this objection has fallen on deaf ears.

High winds coupled with gusts cause the video displays to “jitter” or shake. This jittering or shaking affects different displays on the video wall. In two extreme cases the entire video display exhibits a rolling characteristic. In the case of jitter/shaking it lasts from a few seconds to several minutes. The rolling in one case lasted several hours. Most believe the wind is the sole cause of the anomalous movement of the video displays caused by one or a combination of:

1. Vortex shedding of the monopole causing movement due a specific harmonic of the pole.
2. Movement of individual cameras due to wind striking the housing at various angles.
3. Base excitation due to movement of one or more of the antennas due to vortex shedding.

It is my contention that the unstable video display modes are exacerbated by the stitching algorithm attempting to compensate for camera movement. This position is not shared by all.

In any event, the unstable video condition will represent a high hazard which must be mitigated before proceeding to Phase 2 testing. The two things that determine the impact of the hazard are amount of movement and duration of visual anomaly.

Searidge must analyze this behavior to determine the cause before proposing a solution, and come to the SRMP with that analysis and solution. A “whack a mole” approach to these issues will not be acceptable to the Safety Risk Management Panel.

Another identified risk is the inherent property of all camera based systems not to exactly replicate the out-of-the-window view. This failing results in the inability of controllers to acquire and maintain visual contact with airborne targets at distances greater than 2.5 nautical miles (NM). The original Operation Visual Requirements (OVR) specified that a controller must be able to detect and visually track an airborne target at 3 NM. It was determined during testing of the other remote tower system that this requirement could not be met for the reasons previously stated.

It is important to note that we will be unable to move into Phase 2 testing if an identified high hazard cannot be mitigated down to a medium or low hazard. The primary mitigation for the visible deficiency of the camera system, other than the jittering or shaking of the image, is easily mitigated by radar which the system will have.

The Standard Terminal Automation Replacement System (STARS) remote tower radar has been adapted for FNL and is only awaiting the Federal Communication Infrastructure (FTI) connection to the Denver Tracon STARS before becoming fully operational.

The primary conclusions drawn at the end of Phase 1 testing are:

1. The Phase 1 testing accomplished its goal to gather data and evaluate the controller’s ability to provide Class D airport traffic control services. After the data is reduced, it will support a successful SRMP decision to move forward to Phase 2 testing provided there are no residual high hazards.
2. Visibility on the video displays does not exactly replicate the out-of-the-window view from a legacy ATCT.
3. The more controllers use the remote tower system, the more confidence they have in the ability to provide air traffic control services using the various system functionalities.
4. It was noted by several of the Serco controllers that they predominately relied on the displays at the controller working positions (CWP) to view runway ends, approach/departure corridor and 360° central mast panoramic over the video wall during the test.
5. Radar is a critical component of the remote tower system.
6. Procedures such as limiting the number of aircraft in the local airspace may be necessary during high activity periods.

These take-a-ways did not come as a surprise and were anticipated.

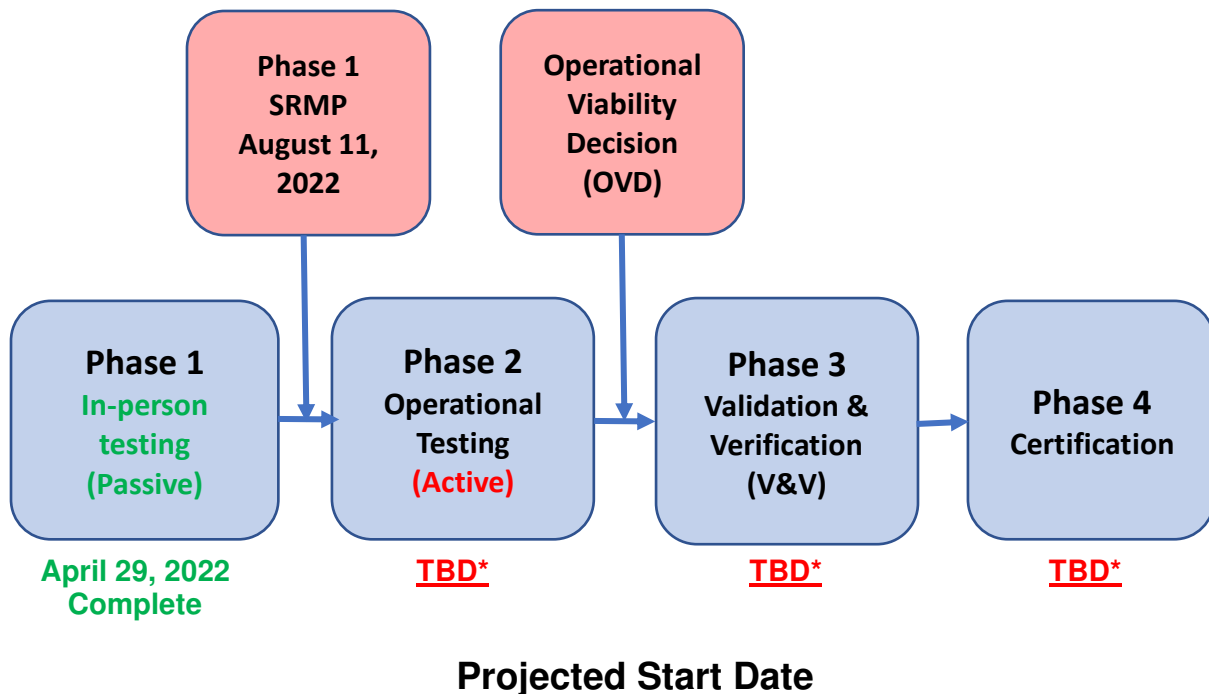
Below are the phases leading up to system certification/commissioning:

Remote Tower Approval Phases:

- ❖ Operational Testing
 - Phase 1 - Passive Op Evals (Mobile ATCT staffed controlling traffic, passive data collection from Remote Tower (RT)) – Complete.

- Phase 2 - Active Op Evals (RT staffed controlling traffic, Mobile ATCT staffed as safety back up); operating under an AOV (Aviation Safety) approved Phase 2 test plan - TBD
- Phase 3 – Validation and Verification (V&V) (RT staffed controlling traffic, Mobile ATCT unstaffed); operating under an AOV approved V&V test plan -TBD
- ❖ Operational Viability Decision
 - Phase 3 - Extended Monitoring (RT staffed controlling traffic, existing ATCT can be deactivated or MATCT can be removed); operating under an AOV approved extended monitoring plan - TBD
- ❖ System Design Approval (SDA) - TBD
- ❖ **Remote Tower system/facility Commissioning -TBD**

Proposed Remote Tower Testing Phases:

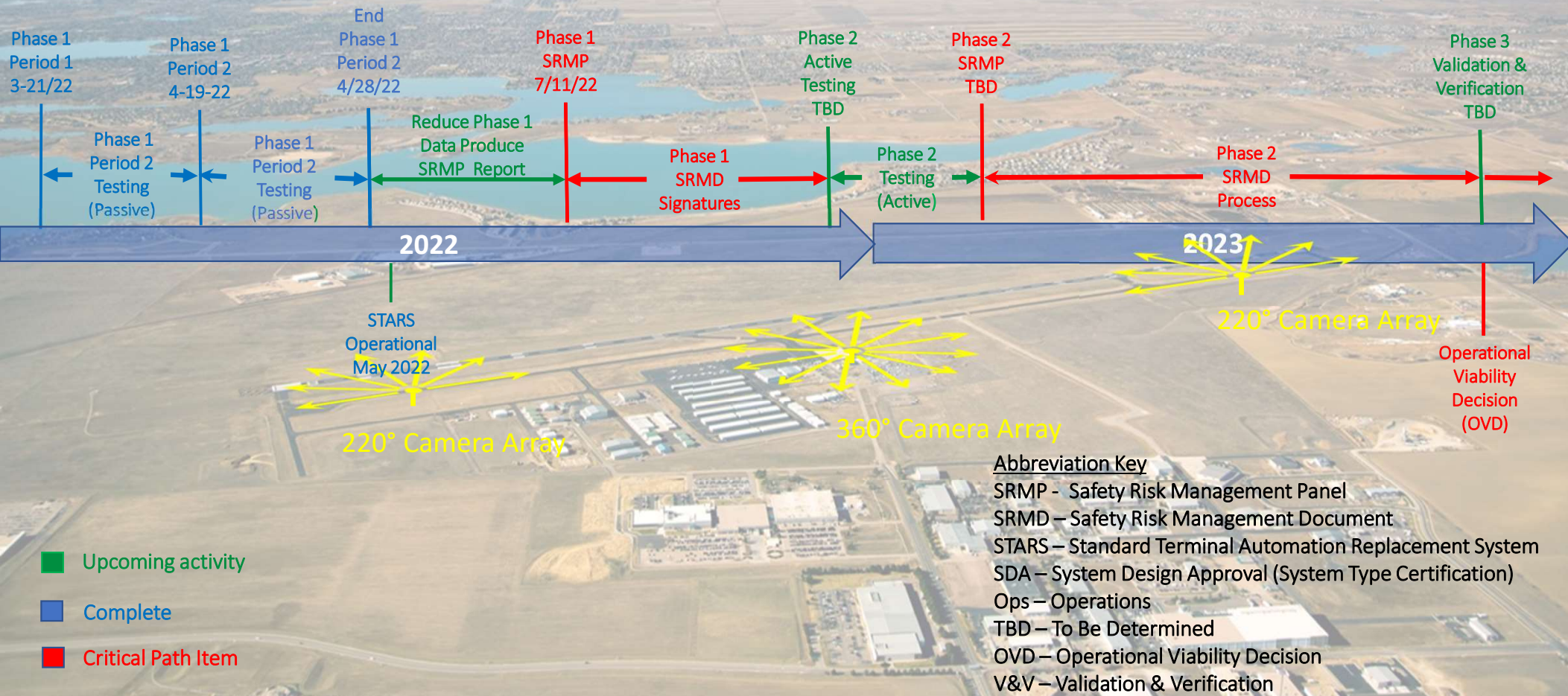


***Dependent on local resources' ability to travel to FNL and COVID status**

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

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

Colorado Remote Tower Timeline (Draft)



Wingless flight company jump-starts expansion

Landline has raised \$28M in new capital

Pat Ferrier

Fort Collins Coloradoan

USA TODAY NETWORK

Fort Collins-based Landline, the company that provides wingless flights from Northern Colorado Regional Airport to Denver International Airport, announced Wednesday it has raised \$28 million to help fund expansion into new markets.

Landline also announced a new partnership with American Airlines for three destinations in Pennsylvania and New Jersey via Philadelphia International Airport beginning June 3.

The company is about to celebrate its one-year anniversary providing wingless flights on United Airlines between the regional airport in Loveland and DIA. Since moving its headquarters to Fort Collins last year, Landline has added 35 new jobs, Landline CEO and co-founder David Sunde said.

United passengers who book a flight from FNL — the airport designation for Northern Colorado Regional Airport — can park and check their bags in Loveland then board a Landline bus for the trip to DIA.

Once they get to DIA, however, passengers still have to navigate security. Landline is awaiting approval from the Transportation Security Administration so passengers can get dropped off at their gate, bypassing long security lines at DIA.

It is also awaiting similar approval for its new American routes.

Sunde said he sees wingless flights as 'an increasingly important tool for airlines to continue to grow their network.'

American represents the third airline partnership for Landline. In addition to United, it also partners with Sun Country in seven markets in Wisconsin and Minnesota.

Pat Ferrier is a senior reporter covering business, health care and growth issues in Northern Colorado. Contact her at

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Friday, 04/08/2022 Page .A01

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Landline wants to fully check you in for your flight—far from the airport



 Image Credits: Landline

Running an airline is a grueling business, with many companies either folding shop or [merging](#) to survive.

Being an airline passenger isn't a walk in the park either, for a litany of reasons that anyone who has ever been in an airport can easily enumerate

[Landline](#), a four-year-old, Fort Collins, Colorado-based transportation startup, thinks it has struck on a way to create a better experience for both airlines and their passengers. The big idea? To distribute the check-in process by processing people in many smaller hubs, closer to their homes, well before they get to their departing gate.

If all goes as planned, its customers will eventually get dropped off just a hop, skip and a jump from the plane they're about to board.

Of course, big ideas often start with the execution of smaller ones, and right now, Landline, founded by Stanford grad David Sunde, is largely a bus service, transporting people from regional hubs to major airports. It sprung up after Sunde spent nearly four years, on and off, with the aviation outfit [Surf Air](#), where he saw some of the challenges of regional airline carriers, from their expensive operations to pilot shortages.

Still, Landline already does more than just punch tickets for passengers. It has already struck partnerships with American Airlines, United Airlines and Sun Country Airlines, whose passengers unknowingly book travel with Landline, which operates as a white-labeled service. As far as travelers are concerned, they're hopping onto an American Airlines bus — if that's the provider — replete with AA programming and appointments, and that ride to the airport from the hub nearer their home is simply built into the overall cost of their ticket.

Meanwhile, because of these partnerships, Landline is able to check in both the passengers and their luggage so when they reach the airport, the last remaining step is walking through airport security.

Of course, addressing that last step is not minor. The worst part of most passengers' experiences are the long security lines. But Landline is working on this, too. Indeed, Sunde volunteers it would be “game-changing,” and says that not only would Landline become the first ground transportation company in the country to receive the blessing of the Transportation Security Administration, but that he expects its approval will come.

“There’s a pre-existing regulatory approval for [regional airlines](#); for us, when it happens, it will be an industry first, which is really cool,” says Sunde. “I always want to be respectful of the TSA, and they’re taking their time we’ve been working with them for a long time. But I’m optimistic about it. We’ve successfully stepped into more complicated things.”

Likely, the startup — which aims to bring passengers right to a nearby gate eventually — is receiving some help from investor Tusk Ventures, an outfit that has positioned itself as a kind of expert at the intersection of tech and policy. (Firm founder Bradley Tusk worked previously in politics and was an early advisor to Uber.)

Others of Landline’s backers include Upfront Ventures, Matchstick Ventures, Wildcat Capital and Drive Capital, which just led a \$28 million round in the company that closed this week and brings its total funding to \$38 million.

In the meantime, the company is doing what it can to build infrastructure that puts it on solid footing for the future. For example, while it has its own ground transportation certificate, it also has the insurance requirements and the safety and security team that would be required of a regional airline.

Now, with its newly raised capital, it can put the pedal to the metal, so to speak. While it operates in nine cities across Wisconsin, Minnesota, and Colorado, it will be adding to these as quickly as it’s able.

It will also use some of that \$28 million to add to its 100-person team, roughly a quarter of whom work in operations. (Many of the rest are drivers who are considered full-time employees of the company.) Sunde says the company is particularly focused on building up its own on-shore software development team to work on a door-to-door product that Landline is currently piloting, where travelers needn’t even drive to a nearby hub but could be picked up at home.

It’s not a terribly sexy business, but it could be an overlooked opportunity, especially considering the overly congested state of airports right now, as well as customer frustration with most airlines.

“The future of the motorcoach business is very much the idea that the airport no longer needs to be next to the runway,” says Sunde. “It can be in the basement of the building or in a shopping mall. And we can distribute the check-in and load away from these places where it’s really hard to improve infrastructure.”

“I 100% see that in our future someday,” he adds.



KONGSBERG AND THE CITY OF CONCORD COMPLETE FIRST MILESTONE TOWARD AIR TRAFFIC MANAGEMENT MODERNIZATION

Kongsberg Defence & Aerospace (KONGSBERG), a global provider of high-technology and mission-critical systems, and the City of Concord, North Carolina, have successfully completed the formalization of its partnership agreement for the Concord-Padgett Regional Airport's air traffic control modernization.

20 Apr 2022

The Agreement is a Public-Private Partnership (PPP) to enable the installation and eventual certification of the Kongsberg Remote Tower System at the Airport. Public-Private Partnerships are a tool that help governments leverage the expertise and efficiency of the private sector, raise capital, and spur development. Kongsberg Remote Towers replace the traditional airport air traffic control towers with a virtual or remote tower and are operated by controllers from a Remote Tower Control Center, which may be on an airport or located miles away.

The installation and evaluation of the Kongsberg Remote Tower moves the Airport and the United States a step closer to enabling Remote Towers and their built-in smart technical capabilities.



The Kongsberg Remote Tower will be located at the Concord Airport and provide secure, high fidelity video presentations from a camera sensor. The KONGSBERG leading edge electro-optical sensor technology is part of the system – a direct spin-off from the world’s most advanced military sensor technology. The 360-degree camera sensor will be used to replace the information controllers presently gather by looking out the tower cab windows. The Remote Tower system also provides added capabilities that will increase the controllers’ areas of visibility and enhance it with infrared capabilities, increasing aviation safety – all in support of the Remote Tower technology being evaluated by the Federal Aviation Administration (FAA).

Eirik Tord Jensen, President of Kongsberg Defense Systems Inc, USA, said: “The fact that we have entered into a formal, long-term agreement with the City of Concord shows the progress and commitment being made between the parties and to Remote Tower technology. Remote Tower technology represents a cost-effective solution for the future of air traffic management. Now the team moves on to the next major milestone of making the Kongsberg Remote Tower an operational installation to begin its FAA Type Certification in 2023.”

Kjetil Reiten Myhra, Executive Vice President, Integrated Defence Systems, Kongsberg Defence & Aerospace said: “Kongsberg Remote Towers system is operational in Europe, and we are proud to bring this ground-breaking technology to Concord-Padgett Regional Airport. KONGSBERG will be working closely with the local air traffic controllers to customize and adapt the system to support FAA Remote Tower Type Certification. We look forward to providing US airports with viable alternatives to traditional air traffic control towers and controllers with modern technology to perform their safety-critical services.”

Dirk Vanderleest, Concord Airport Director, said: “It’s important to address the issue of rising costs for our brick and mortar tower and identify innovative means to meet our changing airport operating environment. Remote Towers have been designed to enable more efficient, cost effective air traffic management which is welcomed news for our airport and many others across the country. We look forward to working together with KONGSBERG, the FAA, and our Air Traffic Controllers on this exciting project.”

William C. “Bill” Dusch, Concord Mayor, said: “In Concord, we are known for our high-performance living and are proud to be a leading destination for innovation and excellence. We are excited to partner with KONGSBERG to deliver cutting edge aviation services that will drive economic growth and transform air traffic management across our region, state and country.”

KONGSBERG Defence & Aerospace

KONGSBERG Defence & Aerospace, a subsidiary of KONGSBERG, is Norway’s premier supplier of defence and aerospace-related systems and solutions. The company’s portfolio comprises products and systems for command and control, information, data handling and surveillance, communications solutions, space technology, missiles and remotely controlled systems. KONGSBERG Defence & Aerospace also has extensive capabilities within advanced composite manufacturing and maintenance, repair and overhaul within the aircraft and helicopter market.

KONGSBERG

KONGSBERG (OSE-ticker: KOG) is an international, leading global technology corporation delivering mission-critical systems and solutions with extreme performance for customers that operate under extremely

challenging conditions. We work with nations, businesses and research environments to push the boundaries of technology development in industries such as space, offshore and energy, merchant marine, defence and aerospace, and more. KONGSBERG has about 11,000 employees located in more than 40 countries, creating a total revenue of NOK 25.6bn in 2020.

Follow us on: kongsberg.com, Facebook, Twitter and LinkedIn

KONGSBERG'S REMOTE TOWERS

Kongsberg is contracted by Avinor to deliver a Remote Tower System to control 15 airports from one Remote Tower Center (RTC). This is the largest Remote Tower contract in the world, and the contract also includes an

option to expand the system to cover 36 airports. The Remote Tower system with the first airport was declared operational in October 2019, and today 4 airports are controlled from the RTC. By the end of 2023, 15 airports will be remotely controlled from the RTC.

The Avinor Remote Tower system will provide more cost-efficient operations for Avinor, and also reduce the need for investments in infrastructure and new brick and mortar towers. The high level of safety for air traffic operations has also been maintained after implementing the Remote Tower system. The digitalization of Air Traffic Services is also enabling remote operations of other services like drone operations and remote monitoring of airport systems.

In Menorca, Spain, Kongsberg together with its Spanish partner Gesnaer and the airport owner Aena, is implementing a digital control tower for Menorca airport, where the tower is operated by Enaire.

CONCORD-PADGETT REGIONAL AIRPORT

Owned and operated by the City of Concord, Concord-Padgett Regional Airport is one of 72 publicly owned airports in North Carolina. The airport opened in 1994 and encompasses approximately 750 acres and has one runway spanning 7,400 feet in length. It is a major driver of economic development in Concord, Cabarrus County, and the surrounding region, generating over 5,000 jobs and an economic output of more than \$831 million dollars annually.

Conveniently located just 25 miles northeast of Charlotte, North Carolina, Concord-Padgett Regional Airport is an ideal destination for both business travelers and vacationers. It is the fourth busiest tower in the state, and its popularity and demand for services continues to grow each year. The airport has several elite NASCAR race teams and premiere flight schools as tenants and a growing waitlist for its hangars. The total number of based aircraft increased by 22% over the last five years. Concord-Padgett Regional Airport is also a Fixed Based Operator (FBO), providing private and general aviation fueling, line services, and aircraft parking.

Growth is strong at the commercial airline terminal as well. Allegiant Airlines continues to expand at Concord-Padgett Regional Airport, currently offering direct flights from Concord to eight destinations across Florida, as well as service to New Orleans, Louisiana. Allegiant Travel Company also announced plans to establish a base of operations at Concord-Padgett Regional Airport.

In total, Concord-Padgett Regional Airport had over 138,000 enplanements in 2021, and traffic at the airport continues to rebound following disruptions due to the global COVID-19 pandemic.



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ITEM NUMBER: 4

MEETING DATE: May 19, 2022

PREPARED BY: Aaron Ehle, Business Development Specialist

TITLE

US Customs Letter of Support

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to approve the drafted letter of support for US Customs services and authorize the Airport Commission Chair to sign

BUDGET IMPACT

Neutral: there are no financial commitments associated with this item

SUMMARY

The desire to have a US Customs and Border Patrol (CBP) at the Airport has been explored by staff at the request of airport tenants and customers. The results of these investigations have come to the same conclusion, which is that the demand necessary to support this service has not been met in order to be competitive with other nearby airports without financial support from the private sector users.

Representatives from Discovery Air, a new hangar development on the South side of the Airport, have been working with their tenants, CBP staff, and Airport staff to continue to explore the potential. They have a location identified that could be used by CBP staff to allow for periodic customs clearances, which has been visited by CBP officials. As a result of a favorable visit, Discovery Air has applied for consideration for inclusion within the CBP Reimbursable Services Program. This program will have to be approved by CBP officials and the port director at the Denver Port of Entry.

ATTACHMENT

US Customs Letter of Support



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May 19, 2022

The Honorable Chris Magnus
Office of the Commissioner
United States Customs and Border Protection
1300 Pennsylvania Ave, NW
Washington, D.C. 20229

RE: Reimbursable Services Program at Northern Colorado Regional Airport

Dear Commissioner Magnus,

We are writing in support of the application from Discovery Air at Northern Colorado Regional Airport to be considered for inclusion in U.S. Customs and Border Protection's (CBP) Reimbursable Services Program. Discovery Air is a new corporate aviation campus at the Airport, which is located 50 miles north of Denver in the rapidly growing Northern Colorado region. More than 825,000 people live within a 30-mile radius of the Airport. The Airport supports 1,072 jobs and generates approximately \$296 million in economic impact according to a 2020 Colorado Department of Transportation study.

The Cities of Fort Collins and Loveland and the Northern Colorado Regional Airport Commission have been engaged in discussions with local businesses and stakeholders in an effort to establish a CBP facility at the Airport. We share a common belief that such a facility would benefit Airport users and the community, while being an economic driver for the region. A recent survey of Airport-based flight departments found that approximately 100 international arrivals could benefit from the presence of a CBP facility at the Airport each year. We also believe it would be valuable for the community to have access to a CBP officer and the many important services they provide, for which they must currently travel to Denver or out of the state to obtain. A local USCBP facility would provide economic benefit by facilitating international business and would be an important tool for retaining and attracting companies with international travel needs.

The Cities, Airport, and stakeholders are committed to working together to support a CBP facility at Northern Colorado Regional Airport through public-private partnership. Over the past few months, we have had productive conversations with CBP Staff and they have been extremely helpful and supportive of our efforts. We recently hosted the Area Port Director and Assistant Port Director for a tour of the new Torrey's Peak hangar, where office space is being offered for a CBP facility. The hangar is the first phase of a new 30-acre corporate aviation campus that will consist of four large hangars and a new fixed base operator (FBO). In addition to build-to-suit office space, we understand that CBP must be reimbursed for all equipment, furnishings, security, and staffing costs. We are requesting approval for Discovery Air to participate in the Reimbursable Services Program. Thank you for your consideration.

Sincerely,

Don Overcash,
Northern Colorado Regional Airport Commission Chair



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ITEM NUMBER: 5

MEETING DATE: May 19, 2022

PREPARED BY: Jason Licon, Airport Director

TITLE

Remote Tower Project Update

RECOMMENDED AIRPORT COMMISSION ACTION

Informational Item

BUDGET IMPACT

Neutral

SUMMARY

This is an informational item. The Remote Tower Project is a proof of concept supported by the Federal Aviation Administration (FAA) and Colorado Department of Transportation. The project's goal is to create a certified technologically advanced air traffic control tower solution for airports. This project is currently one of two active airports testing this concept in the United States.

This item will provide an update on progress being made on the project and specifically information on the recently conducted phase one operational testing conducted by the FAA in April. State of Colorado's Remote Tower Project Manager Bill Payne will be in attendance to share the results of the first phase of operational testing and provide the view of the path ahead.

ATTACHMENT

None



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ITEM NUMBER: 6

MEETING DATE: May 19, 2022

PREPARED BY: Aaron Ehle, Planning & Development Specialist

TITLE

Hangar Development RFP Recommendation

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to direct staff to enter into exclusive negotiations with the recommended party

BUDGET IMPACT

Unknown

SUMMARY

In February of 2021, Airport staff received an unsolicited proposal from Fort Collins-Loveland jetCenter (FCLJC) to redevelop the Airport-owned T-hangars with larger hangars capable of supporting the increased business jet traffic at the Airport. Staff followed the normal process for Airport development, negotiated lease terms with FCLJC, and presented the proposal at the June 2021 Airport Commission meeting. The proposal generated considerable stakeholder concern and at the July 2021 meeting, the Airport Commission directed staff and the Planning & Development Subcommittee (PDSC) to create a request for proposals (RFP). The RFP was intended to provide the opportunity for entities that were unaware of the redevelopment opportunity on site A to submit proposals and to solicit proposals for the construction of new hangars on undeveloped sites.

The objectives of the RFP were to:

- Replace the aging Airport-owned T-hangars with new facilities that represent a higher and better use in alignment with the Airport Master Plan (2020).
- Support the construction and operation of new hangars to provide options for tenants who might be displaced by redevelopment as well as others looking to base aircraft at the Airport.

The RFP was approved and published in November 2021. The RFP closed in December and three responses were received. An Airport Commission approved evaluation committee, which includes staff from both cities and members of the public at large, evaluated the proposals and conducted interviews. At the February Airport Commission meeting, the committee shared that there were gaps and items of concern with all of the

proposals and that there wasn't enough information to make a recommendation that would satisfy all of the objectives of the RFP.

In executive session at the April 1, 2022 Airport Commission meeting, the evaluation committee discussed details of the proposals and presented some potential approaches to deliver on the originally stated objectives of the RFP. The Commission provided the following direction:

- RFP evaluation committee engage proposers with a minimum requirement to develop large hangars on Site A.
- Require that each proposer provide a detailed construction plan and timeline that they commit to achieving.
- Collaborate with the proposers to create solutions and mitigate negative impacts to T-hangar tenants who will be displaced result of the redevelopment of Site A.
- PDSC and Airport Commission work in parallel on the creation of an infrastructure plan to create more improved sites for future basic hangar development projects.

In April, members of the evaluation committee met to formulate a strategy based on the Commission direction. A lease negotiation terms letter was sent to the proposers to establish minimum requirements and obtain commitments. The proposers were given two weeks to provide responses. The content of the responses was used to identify a single entity to enter into exclusive negotiations with on Site A. **Based on the following factors, it is recommended that Fort Collins-Loveland jetCenter be engaged in lease negotiations for site A:**

- Rent Revenue – jetCenter proposed a higher rent rate.
- Initiation of Rent – jetCenter proposed to start paying rent sooner.
- Displacement of T-hangar Tenants – jetCenter indicated willingness to participate in a relocation strategy for displaced tenants.
- Site Plan – The layout/orientation of hangars in jetCenter's site plan is more conducive to phased development with phased displacement of T-hangar tenants.

The evaluation committee recommends the following considerations guide the path forward:

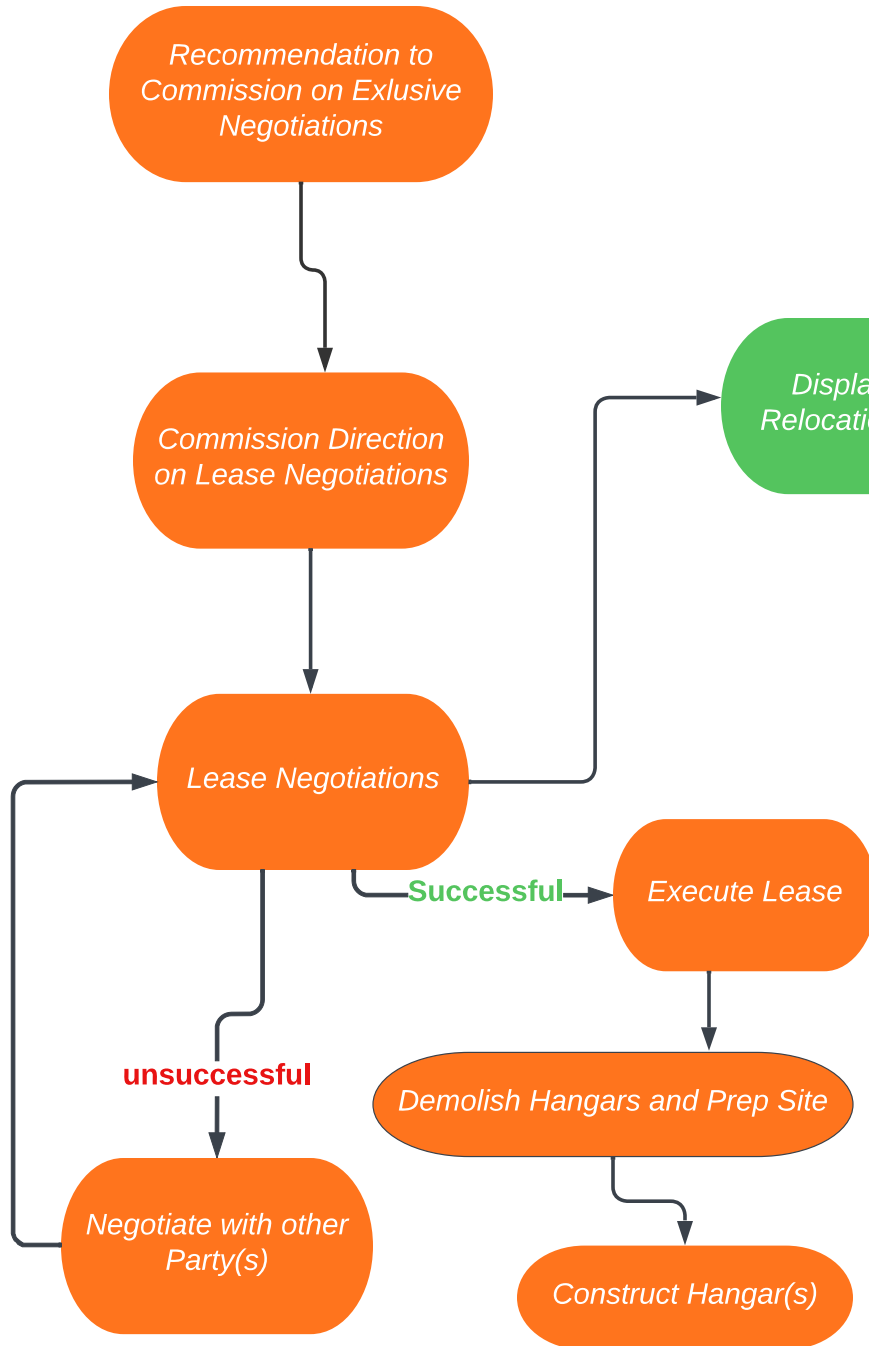
- Ensure a detailed agreement with strong performance requirements is in place before any demolition or construction commences.
- Develop a viable relocation strategy and clear communications for tenants who will be displaced.
- Create an infrastructure plan to create improved sites for future smaller hangar development.
- Document and detail the anticipated airport revenue changes associated with this lease.

- Don't allow more land to be leased on speculation on future "market-based" development. Include minimum assurances and performance deadlines for development in agreements.

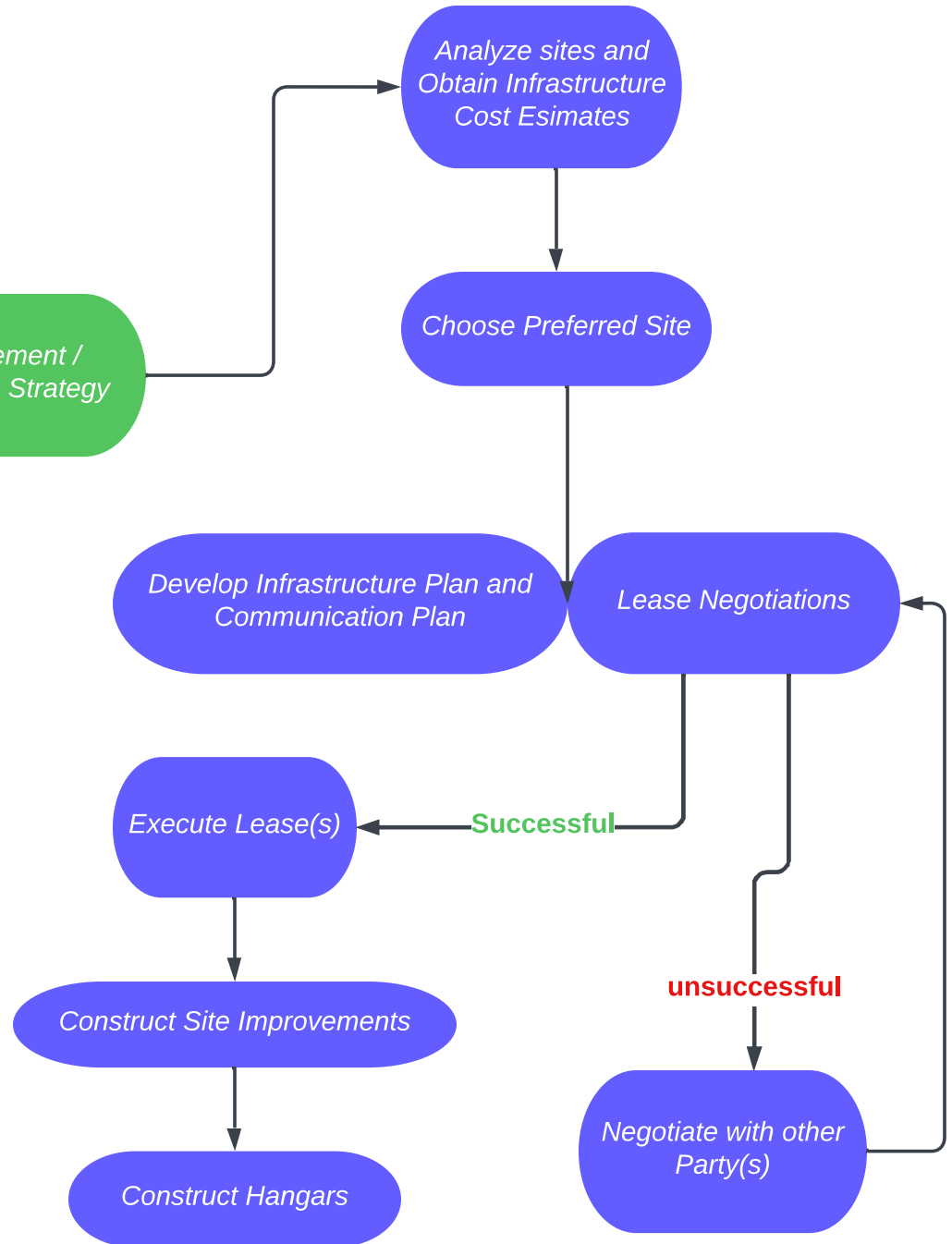
ATTACHMENTS

Hangar Redevelopment & New Hangar Development Flowchart

Redevelopment



New Small Hangar Development





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ITEM NUMBER: 7

MEETING DATE: May 19, 2022

PREPARED BY: Jason R. Licon, Airport Director

Aaron Ehle, Airport Planning & Development Specialist

TITLE

MPS Properties New Lease Agreement

RECOMMENDED AIRPORT COMMISSION ACTION

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

BUDGET IMPACT

Positive: Assuming 2.5% average annual inflation, the new lease will generate approximately \$174,578 more than the existing lease over the next 12 years. The new lease will extend 18 years beyond the expiration of the existing lease, generating approximately \$834,117 during that time span.

Airport Revenue Comparison (2.5% Annual CPI Assumption)			
Time Period	Existing Lease	New Lease	Revenue Difference
2022-2033	\$ 61,425	\$ 236,003	\$ 174,578
2034-2051	\$ -	\$ 834,117	\$ 834,117
Total - 2022-2051	\$ 61,425	\$ 1,070,120	\$ 1,008,695

SUMMARY

MPS Properties, LLC owns 20 T-hangars located east of the Airport-owned T-hangars. In August of 2019, the owners of MPS Properties met with Airport staff and expressed the desire for a long-term lease extension in order to form a condominium association to enable the sale of individual units. Airport staff negotiated with MPS Properties for several months, but an agreement could not be reached.

MPS reached back out to Airport staff in August of 2021 to restart negotiations. After six months of communication and numerous offers and counter-offers, the two sides were able to reach an agreement in principle on a new 30-year lease. In February, the PDSC

voted unanimously to recommend approval of the new lease agreement. If approved, this new lease agreement will set a precedent for extending other leases in the future, explaining the rationale behind the long period of lease negotiations.

Existing lease details:

- Typical 25-year lease with three 5-year extensions
- Initial term commenced in August of 1993 and final extension expires September of 2033
- Like many of the older leases, the leasehold area only covers the footprint of the building, 22,986 square feet
- Lease was assumed by MPS in 2014
- The current rent rate for the lease is \$0.19 per square foot annually, which amounts to \$4,319 of Airport revenue per year
 - This is less than half of the current rent rate of \$0.448 for comparable new leases.
- CPI escalation every 5 years
- **The lease has generated approximately \$92,680 (\$3,310 per year) in revenue for the Airport since 1993**

New lease details:

- 20-year lease with two 5-year extensions
 - Extends 18 years beyond the existing lease term set to expire in Sept, 2033
 - Initial term to commence May 2022 and final extension to expire in April of 2052 for a total of 30 years
- Expanded leasehold area of 58,112 square feet
 - Approximately 2.5 times the area of the existing leasehold
 - Increases the tenant's area of responsibility for maintaining the taxiways that support this structure
- Lease rates will escalate annually through 2033
 - Rent increases incrementally by \$2,400 each year through 2033 bringing lease rates in line with current rates and fees
- The building is constructed with steel and is structurally sound and will be able to be utilized through the term for this purpose.
- The master plan identifies the current use of the airport property as the continued use for the foreseeable future
- CPI escalation changed from every five years to annually
- Although the Airport could let the current lease expire in 2033, assume ownership and directly rent the hangars, there are several benefits to granting a new lease agreement

- The new lease will generate more revenue for the Airport than the existing lease
- The condominium association will be able to sell the individual hangar units with a 30-year term.
 - Owners are more likely to invest in improvements than renters
 - Owners with many years left in their lease term are more likely to invest in improvements than those with less time remaining
- The increased leasehold footprint means the tenant will assume the responsibility for pavement maintenance for the area that is used exclusively by the planes that are housed in the hangars
 - Grant funding to maintain and repair these kinds of pavements is no longer available

Site Overview





ATTACHMENTS

Hangar Ground Lease Agreement
Financial Comparison Spreadsheet
PDSC Minutes March 23, 2022
MPS Properties Presentation

HANGAR GROUND LEASE AGREEMENT

5010 GRUMMAN STREET

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

**DATED
MAY 19, 2022**

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EXHIBIT A, Description of Leased Premises

LEASE AGREEMENT-

THIS HANGAR GROUND LEASE AGREEMENT, made and entered into this 19th day of May, 2022, 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 MPS Properties 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 (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 maintenance of an existing hangar building or buildings, without cost to the Cities; and

WHEREAS, the prior Lessee MPS Properties, LLC, requested termination of its lease for the subject Premises as described herein, and this Lease Agreement hereby replaces and supersedes that lease originally approved by the Cities on July 20, 1993 with VIRGA Corporation

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 May 1, 2022, and expire at 11:59 p.m. on April 30, 2042, a duration of twenty (20) 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 two (2) 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 both (2) 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) currently existing 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 maintenance and operation of a hangar building (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 Intentionally Deleted.

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 a starting rent of \$0.074 per square foot for the 58,112 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 annual rent of \$4,300.29. Annual rent is subject to adjustment as follows in the table below and pursuant to Section 4.2.

Time Period	Annual Rent
May 1 2022 - April 30, 2023	\$4,300.29
May 1 2023 - April 30, 2024	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2024 - April 30, 2025	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2025 - April 30, 2026	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2026 - April 30, 2027	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2027 - April 30, 2028	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2028 - April 30, 2029	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2029 - April 30, 2030	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2030 - April 30, 2031	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2031 - April 30, 2032	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2032 - April 30, 2033	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
May 1 2033 - April 30, 2034	Previous Year Annual Rent Plus \$2,400, the total of which is subject to adjustment pursuant to Section 4.2.
All remaining years from May 1, 2034 – Expiration or Termination of Lease.	Previous Year Annual Rent subject to adjustment pursuant to Section 4.2.

If Lessee exercises any option to extend the term of this Agreement under Section 1.2, annual rent per square foot for the first year of such Extended Term shall be the greater of (a) the rent determined under Section 4.2, as if the Initial Term had continued throughout such Extended Term, or (b) the then current market rates for hangar ground leases at comparable airports in the Front Range area, which shall be deemed to include the Denver Metro Area north through Cheyenne. Cities and Lessee agree to use their best efforts to agree on then current market rates, and execute a Lease Extension Agreement, within ninety (90) days after Lessee's written notice of election is received by the Cities. If the Cities and Lessee cannot agree upon the rental rates, the parties agree to submit to mediation before the Judicial 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 Intentionally deleted.

4.5 Lessee, as additional rent, shall 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 place 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 ensure 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 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 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 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.

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

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

ARTICLE 22: USE SUBSEQUENT TO CANCELLATION OR TERMINATION

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

ARTICLE 23: NOTICES

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

US mail postage prepaid, such notice shall be deemed given on the third business day following deposit in the United States mail, postage prepaid and properly addressed; if delivered by overnight courier, notice shall be deemed effective on the first business day following deposit with such courier; and if delivered by electronic means, notice shall be deemed effective when received.

23.2 The notice addresses of the parties are as follows:

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

With a copy to:

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

and

To Lessee: MPS Properties LLC
Attn: Jon Steinway
Attn: Kelly Steinway
3711 Crescent Drive
Fort Collins, CO 80526
Email Address: jonsteinway@shawconstruction.net
retrofitbuilders@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 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.

25.8 The parties further acknowledge and agree that this Lease Agreement replaces and supersedes the prior lease agreement for the Leased Premises between MPS Properties, LLC and the Cities approved by the Cities on July 20, 1993 (originally with VIRGA Corporation).

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:

MPS Properties LLC

Jon Steinway, Registered Agent

Date

Kelly Steinway, Registered Agent

Date

REVISED 5010 GRUMMAN CONDOMINIUMS

Being a Portion of Tract B, Barnstorm Second Addition
Situatue in the Northeast Quarter of Section 33, Township 6 North, Range 68 West of the 6th P.M.,
City of Loveland, County of Larimer, State of Colorado

OWNER'S CERTIFICATE

Know all men by these presents, That the undersigned, being the owner in fee of the following described real property located in the City of Loveland, County of Larimer, State of Colorado to wit:

PROPERTY DESCRIPTION

PARCEL II: LEASEHOLD. ESTATE:
ALL THAT PORTION OF THE NORTHEAST 1/4 OF SECTION 33, TOWNSHIP 6 NORTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF LARIMER, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS: CONSIDERING THE EAST LINE OF THE PRINCIPAL MERIDIAN, LARIMER COUNTY, COLORADO, IS BEARING SOUTH 00 DEGREES 24 MINUTES 38 SECONDS EAST AND WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO, COMMENCE AT THE NORTHEAST CORNER OF SECTION 33, TOWNSHIP 6 NORTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN, LARIMER COUNTY, COLORADO, THENCE RUN SOUTH 00 DEGREES 24 MINUTES 38 SECONDS EAST ALONG THE EAST LINE OF THE NORTHEAST 1/4 OF SAID SECTION 33 FOR A DISTANCE OF 1008.57 FEET; THENCE LEAVING SAID EAST LINE RUN SOUTH 89 DEGREES 35 MINUTES 22 SECONDS WEST FOR A DISTANCE OF 454.00 FEET TO THE POINT OF BEGINNING; THENCE RUN SOUTH 19 DEGREES 05 MINUTES 54 SECONDS WEST A DISTANCE OF 128.00 FEET; THENCE RUN NORTH 70 DEGREES 05 MINUTES 48 SECONDS EAST A DISTANCE OF 454.00 FEET; THENCE RUN SOUTH 19 DEGREES 54 MINUTES 12 SECONDS EAST FOR A DISTANCE OF 454.00 FEET TO THE POINT OF BEGINNING, EXCEPTING THE IMPROVEMENTS THEREON, COUNTY OF LARIMER, STATE OF COLORADO.

Do hereby certify that this map of that portion of the City of Loveland, County of Larimer, State of Colorado, has been prepared pursuant to the Condominium Declaration for 5010 Grumman Condominiums, Recorded in

Book _____, under Reception Number _____ of the records of the County Clerk and Recorder, Larimer County, Colorado.

PROPERTY OWNERS' APPROVAL

By: _____ As _____
MPS Properties, LLC, a Colorado Limited Liability Company

NOTARIAL CERTIFICATE

STATE OF _____)
COUNTY OF _____)
as _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____

By: _____ As _____

Witness my hand and official seal.

My commission expires _____ (SEAL)

Notary Public _____

LEGEND

- BOUNDARY LINE
- BUILDING WALL
- FOUND ALIQUOT CORNER AS DESCRIBED
- FOUND ALI REBAR WITH A YELLOW PLASTIC CAP, STAMPED MS, LS 30110
- GCE GENERAL COMMON ELEMENT
- LCE LIMITED COMMON ELEMENT
- FC FINISHED CEILING
- FF FINISHED FLOOR

BASES OF BEARINGS AND LINEAL UNIT DEFINITION

Assuming the Eastern line of the Northeast (NE) Quarter of Section Thirty Three (33), Township Six North (T.6N.), Range Sixty Eight West (R.68W.) of the Sixth Principal Meridian (6th P.M.), as bearing South 00°24'38" E 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 and all distances measured thereon, the monument at the Northeast corner of Section 33, Township 6 North, Range 68 West of the Sixth Principal Meridian, as shown on a rebar, LS 11988, 1987.

The lined dimensions as contained herein are based upon the "U.S. Survey Foot."

SURVEYOR'S CERTIFICATION

I, Christopher A. DePaulis, a Registered Professional Land Surveyor in the State of Colorado, do hereby state that this map substantially depicts the location and the horizontal and vertical dimensions of the finished floors and ceilings as constructed. This plat does not further subdivide any portion thereof and set forth the information concerning the Planned Community which is the subject of this map. The lines on this plat are a part of this plat and contain some of the information.



Christopher A. DePaulis — On Behalf Of King Surveyors
Colorado Limited Liability Partnership
Land Surveyor #38105

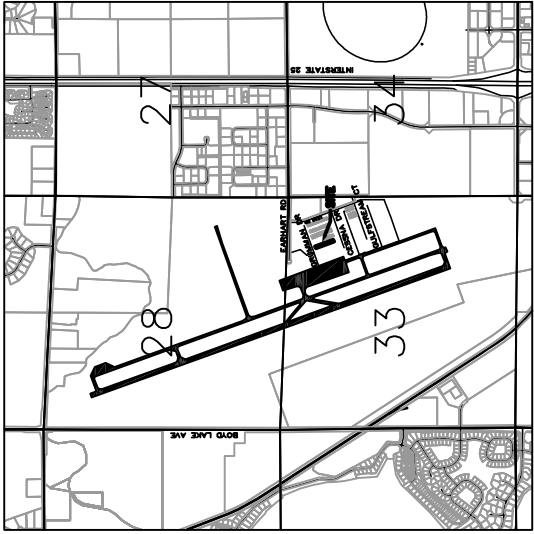
At the request of our client, recorded rights-of-way and easements were not researched and recorded and apparent rights-of-way and easements are not shown hereon. (38-51-106 C.R.S. 1994)

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)

BENCH MARK

City of Fort Collins Benchmark #5-12, Elev=4861.67. A 2" aluminum cap in the west end of a concrete foundation for the intersection of the westerly frontage road for Interstate 25. Datum is NAVD 1982.



VICINITY MAP

SCALE: 1"=200'

DATE:	05-16-2022
FILE NAME:	REVISED CONDO
SCALE:	1" = 40'
DRAWN BY:	EWL
CHECKED BY:	GD

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



REVISIONS:	
DATE:	

REVISED 5010 GRUMMAN CONDOMINIUMS
FOR
NORTHERN COLORADO REGIONAL AIRPORT
4800 EARHART ROAD
LOVELAND, CO 80538

PROJECT #:
20190171

EAST QUARTER CORNER
SECTION 33, T.6N., R.68W.
FOUND 2" ALUMINUM CAP
ON #6 REBAR, LS 11988, 1987

MPS Properties Proposed New Lease

2.5% Annual CPI Adjustment Example

		Existing Lease		Proposed New Lease	
		Rent	Escalation	Rent	Escalation
1	2022	\$ 4,320		\$ 4,300	
2	2023	\$ 4,860	CPI	\$ 6,868	\$2,400 + CPI
3	2024	\$ 4,860		\$ 9,499	\$2,400 + CPI
4	2025	\$ 4,860		\$ 12,197	\$2,400 + CPI
5	2026	\$ 4,860		\$ 14,962	\$2,400 + CPI
6	2027	\$ 4,860		\$ 17,796	\$2,400 + CPI
7	2028	\$ 5,468	CPI	\$ 20,701	\$2,400 + CPI
8	2029	\$ 5,468		\$ 23,678	\$2,400 + CPI
9	2030	\$ 5,468		\$ 26,730	\$2,400 + CPI
10	2031	\$ 5,468		\$ 29,858	\$2,400 + CPI
11	2032	\$ 5,468		\$ 33,065	\$2,400 + CPI
12	2033	\$ 5,468	Expires 2033	\$ 36,351	\$2,400 + CPI
13	2034			\$ 37,260	CPI
14	2035			\$ 38,192	CPI
15	2036			\$ 39,146	CPI
16	2037			\$ 40,125	CPI
17	2038			\$ 41,128	CPI
18	2039			\$ 42,156	CPI
19	2040			\$ 43,210	CPI
20	2041			\$ 44,291	CPI
21	2042			\$ 45,398	CPI
22	2043			\$ 46,533	CPI
23	2044			\$ 47,696	CPI
24	2045			\$ 48,888	CPI
25	2046			\$ 50,111	CPI
26	2047			\$ 51,363	CPI
27	2048			\$ 52,648	CPI
28	2049			\$ 53,964	CPI
29	2050			\$ 55,313	CPI
30	2051			\$ 56,696	CPI
Total Rent		\$ 61,425		\$ 1,070,120	

Airport Revenue Comparison (2.5% Annual CPI Assumption)

Time Period	Existing Lease	New Lease	Difference
2022-2033	\$ 61,425	\$ 236,003	\$ 174,578
2034-2051	\$ -	\$ 834,117	\$ 834,117
Total	\$ 61,425	\$ 1,070,120	\$ 1,008,695

MEETING RECORD

Page 1

DATE: 3/23/2022
TIME: 3:31-5:10 PM
RE: Planning and Development Subcommittee Meeting (PDSC)
ATTENDEES: Tom Fleming, Jason Licon, Aaron Ehle, Josh Birks, Scott Schorling, Diane Jones, Troy Bliss; Paul Steinway, Jon Steinway

Begin Meeting Record 3/23/2022

Agenda Item #1: Meeting Minutes – February 23, 2022

- **Update on unresolved Topics**
 - Staff is working with Fort Collins-Loveland Water District on a water line easement along the boundary of the Airport.
 - Staff and stakeholders are exploring options to establish customs services at the Airport.
- **Tom moved to approve the minutes. The motion, seconded by Diane, passed unanimously.**

Agenda Item #2: MPS Hangars New Lease Agreement

- The 20-unit MPS Properties hangar building, owned and operated by Paul and Jon Steinway, has been the subject of lease extension/new lease negotiations since 2019.
 - Until recently the Airport and MPS Properties have been unable to find common ground on an agreement.
- The 40-year lease is set to expire in 2033.
- The current rent rate for the lease is \$0.19 per square foot annually. This is less than half of the current rent rate of \$0.448 for comparable new leases.
- Airport staff have reached a tentative agreement to replace the current lease with a new 30-year lease.
 - This association land lease will allow MPS Properties to condominiumize the units so that they are able to sell them individually, not just rent them out. Association leases are common with other developments at the Airport.
 - Under the agreement, the Airport/Cities would have right of first refusal to purchase units at the same price as the negotiated price between MPS and a private buyer.
 - **This has not been done before and will set a precedent for extending the lease terms of other developments.** A formal policy on how and when leases are extended would be beneficial.
 - The new lease, if approved, would have a footprint approximately 2.5 times the size of the current footprint.
 - As time has gone on, the ability for Airports to obtain funding for pavement maintenance or repairs around private hangars has diminished.
 - By expanding the footprint, the Airport is transferring this responsibility to MPS properties. All pavement that exclusively serves the development is included in the new lease footprint.
 - Pavement maintenance/repair standards may need to be included in the agreement. Staff will investigate to see if the standard agreement contains enough specificity.
 - The new lease, if approved, includes a rent escalation schedule to bring the rates into parity with current lease rates over the next 11 years.

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- The current lease, with CPI escalations every 5 years, has generated approximately \$3,310 per year in revenue for the Airport.
- The new lease would generate approximately \$25,439 per year, plus annual CPI escalation
- The escalation schedule is intended to allow the owners to increase the rent rates of current tenants to increase gradually, lessening the negative impact. The Airport has no control over the rental rates of privately-owned hangars.
- Staff is recommending that a structural evaluation be performed on the building prior to finalizing the new lease.
- Diane requested that when this is presented to the Airport Commission, a more detailed chart that includes per square foot lease rates will be included.
- Paul Steinway:
 - This has been a challenging negotiation. For several years, we attempted to negotiate an agreement with Airport staff at rates lower than this, but were not able to reach a deal that staff would recommend to the Airport Commission.
 - Airport staff made it clear that they wanted to include similar lease terms as recent new leases, which lead to the increase in the lease footprint and the escalation schedule to gradually bring the rent rates in line with new leases.
 - Between now and the end of the current lease term (2033), the Airport will generate approximately \$160,000 in additional revenue.
 - Our current rent rates are \$400 per month per unit. This should allow us to keep our lease rates below the rates for new construction, but we believe some of our current tenants will be priced out of the market because of this new lease agreement.
 - This lease will allow us to sell individual units, with the belief that the owners will invest in improving the facilities.
- **Tom moved to recommend approval of the lease agreement to the Airport Commission, with the condition that Diane's request for a more detailed financial analysis chart be included in the materials presented to the Commission. The motion, seconded by James, passed unanimously.**

Agenda Item #3: Airport Action Plan for 2022

- Following refinement as a result of this meeting, the Airport Action Plan will be presented to the Airport Commission at the April 1st meeting for potential approval.
- The plan contains priority and secondary objectives for 2022, with some items that will extend beyond the end of the year.
- It's important to tie budgetary and staffing resources to these objectives if we are serious about getting them done.
- **Priority Objectives:**
 - Enhance and increase airport staffing
 - Must be able to handle day to day tasks and larger projects/initiatives.
 - The amount of work that needs to be done is more than the current staff can handle and those demands will continue to grow.

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- The staffing plan from 2019 is being updated now.
 - Complete planning and design of the new terminal building
 - We have a deadline to use CARES Act funding, so this must get done.
 - Complete planning relevant to the hangar proposal submitted by Jet Center, which led to the ongoing request for proposals (RFP)
 - We will be presenting an update to the Commission and asking for direction on April 1st.
 - Enhance political support for the remote tower project
 - Create awareness of the importance of the project to the Airport and its users.
 - This is a catalyst project for commercial air service and the new terminal.
 - Momentum has been slowed by COVID and lack of focus on technological solutions by the FAA.
 - Develop local support for an education and training center/facility focused on Innovation, Technology, and Aviation
 - Pursue potential ARPA funding
- **Secondary Objectives**
 - Enhance commercial air service
 - Always ongoing, but can be enhanced with additional resources.
 - Establish the airport as a true Multi-modal transportation hub, including exploration of Union Pacific Railroad opportunities
 - Complete the 2022 scheduled capital improvement projects
 - This is ongoing and has changed several times
 - Incorporate projects/initiatives that are not eligible for grant funding
 - Develop sub-area land plans and procedures for on-airport development
 - Fuel farm
 - West side of the Airport
 - Procedures and policies for development, redevelopment, and lease extensions
 - Effectively inform the Airport Commission so that they can make good decisions
- Possible missing objectives
 - Customs
- It's important to keep in mind that there will be unanticipated tasks and projects that will consume an unknown amount funding and staff time.
- We need to consolidate action steps with the steps to success and put them in the right order
- A matrix that contains relevant information about action steps, timeframes, resourcing, and responsibilities would be helpful in conveying this information
- Some of these items will likely extend beyond the end of the year. It's important to convey that to the Commission.
- **Diane moved to recommend that Airport Action Plan be presented to the Airport Commission for approval pending refinement based on the suggestions that were made by the PDSC. The motion, seconded by Scott, passed unanimously.**
- **End Meeting Record**

MPS Properties LLC

Proposed New Lease Agreement

- MPS Properties LLC owns a building that houses 20 T-Hangars located adjacent to other like buildings
- Requesting a new lease and term extension to form a condominium association
- The agreement has been negotiated between staff and building owners
 - Serves as a mutually beneficial solution that balances future anticipated revenues with the desire of the current owners to continue to operate their hangar business and sell a portion of them to tenants
 - Approved unanimously by the PDSC at the March 23rd meeting

Location

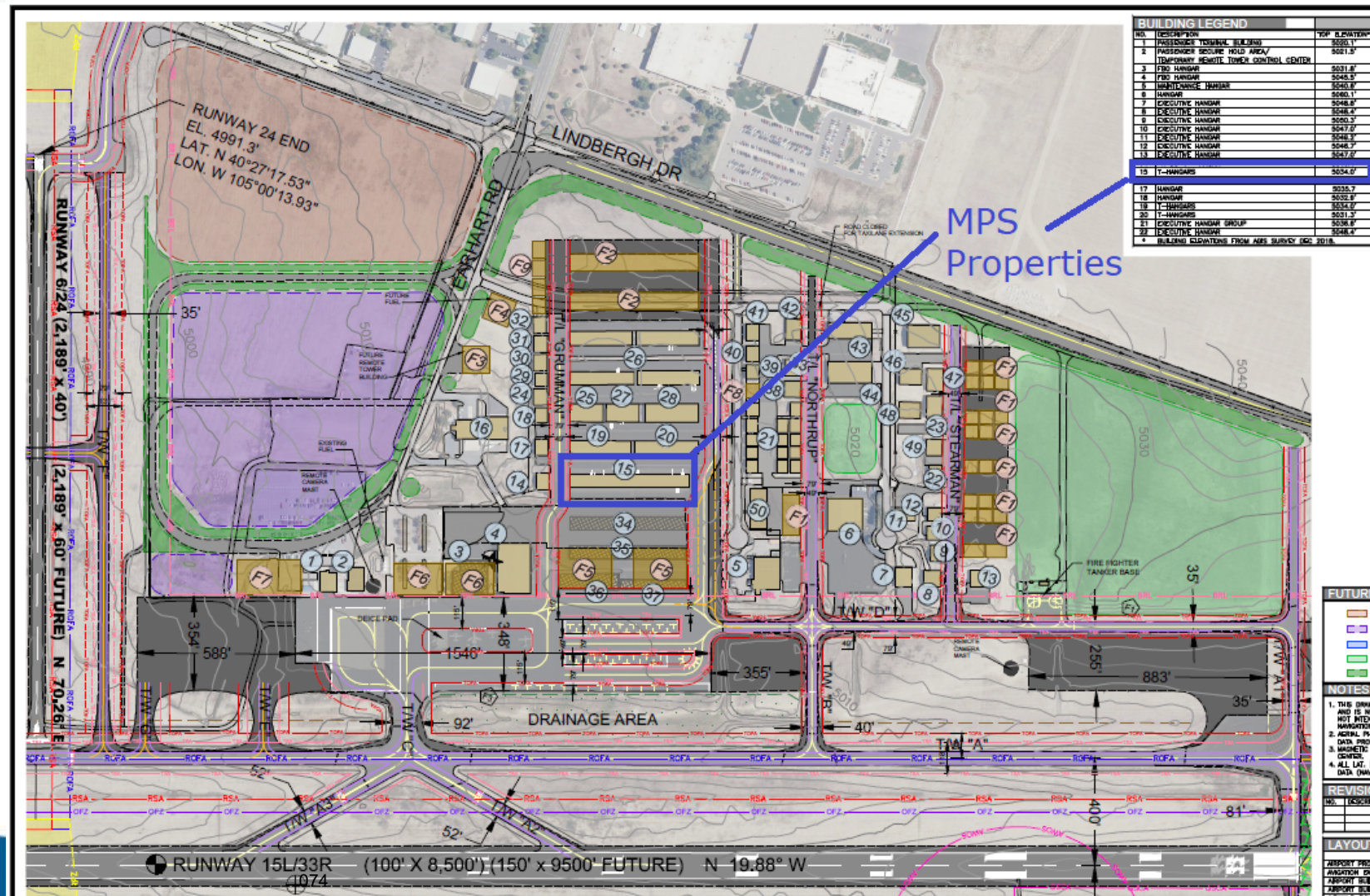
NORTHERN COLORADO
REGIONAL AIRPORT



Master Plan Information

NORTHERN COLORADO
REGIONAL AIRPORT

- Identifies this area as continuing to serve the current purpose and use
- Not projected to change for the next 30 years
- Adjacent similar facilities have been built in the area through 2010



Existing Lease Information

- Typical 25-year lease with three 5-year extensions: total 40 years
- Initial term commenced in August of 1993 and final extension expires September of 2033
- Like many of the older leases, the leasehold area only covers the footprint of the building, 22,986 square feet.
- Lease was assumed by MPS in 2014
- The current rent rate for the lease is \$0.19 per square foot annually, which amounts to \$4,319 of Airport revenue per year.
 - This is less than half of the current rent rate of \$0.448 for comparable new leases.
- CPI inflationary escalation every 5 years
- The current lease has generated a total of \$92,680 in revenue since 1993

Proposed New Lease Information

- 20-year lease with two 5-year extensions
 - Extends 18 years beyond the existing lease term set to expire in Sept, 2033
 - Initial term to commence May 2022 and final extension to expire in April of 2052 for a total of 30 years
- Expanded leasehold area of 58,112 square feet
- Lease rate will escalate through 2033
- The building is structurally sound and will be able to be utilized through the term for this purpose
- The master plan identifies the current use as the continued use for the foreseeable future
- CPI inflationary escalation changed from every five years to annually

Benefits to the Airport

- New lease will generate more revenue and is in line with current rates and fees
- New revenue will be generated over the next 12 years, which would not be realized with current agreement
- Current and new unit owners will invest into the facility to keep it maintained well through the new term
 - Improvements will be made that are necessary to subdivide the units for electrical service
- Condominium association will be responsible for the adjacent pavements that serve this building

Benefits to MPS Properties

- Granting an extended term of 18 years, increasing the value and longevity of their investment
- The newly formed condominium association will enable the current owners to sell individual units to their tenants
- The lease escalations are performed over a period of 12 years, and not all at once



Financial Comparison

Airport Revenue Comparison (2.5% Annual CPI Assumption)			
Time Period	Existing Lease	New Lease	Revenue Difference
2022-2033	\$ 61,425	\$ 236,003	\$ 174,578
2034-2051	\$ -	\$ 834,117	\$ 834,117
Total - 2022-2051	\$ 61,425	\$ 1,070,120	\$ 1,008,695