



NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

4900 EARHART ROAD • LOVELAND, CO 80538

MEETING AGENDA THURSDAY JULY 20, 2023 3:30PM – 5:00PM

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT

CONSENT AGENDA

1. JUNE 15 MEETING MINUTES – P. 2
2. JUNE FINANCIAL STATEMENT – P. 7
3. 2022 FINANCIAL AUDIT REPORT – P.9
4. JULY DIRECTOR'S REPORT – P. 39
5. LEASE EXTENSION REQUEST – 5249 NORTHROP – P. 92
6. LEASE EXTENSION REQUEST – 5233 STEARMAN – P. 93
7. LAND LEASE AGREEMENT – 5271 CESSNA – P. 94
8. TOM FLEMING PDSC APPOINTMENT – P. 127

APPROVAL OF CONSENT AGENDA

AIRPORT DIRECTOR'S REPORT HIGHLIGHTS

REGULAR AGENDA

9. AIRPORT TAX REPORT – P. 131
10. T-HANGAR REPAIR AND DECOMMISSIONING RECOMMENDATIONS P. 136
11. BUSINESS FROM MEMBERS

PULLED CONSENT AGENDA ITEMS

ADJOURN

Meeting Planning Calendar

<u>August 17</u>	<u>September 21</u>	<u>October 19</u>
<ul style="list-style-type: none">•FCLWD Easement•Hangar Lease Agreement•Airport Commission Roles and Responsibilities Training	<ul style="list-style-type: none">•Preliminary Budget Presentation•Land Use Plan Draft Presentation•Airport Staffing Support Presentation	<ul style="list-style-type: none">•2024 Budget Adoption•5-Year Capital Improvement Plan Draft Review

Please Print Your:

ORGANIZATION

2



Meeting Minutes for June 15, 2023

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

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

Chair Overcash requests to bring agenda item number 5 forward. Chair Overcash moves to appoint Aaron Ehle as temporary Airport Commission Secretary. The motion, seconded by Commissioner Arndt carried with all the Commissioners present voting in favor thereof.

Public Comments: None

Consent Agenda

Commissioner Adams moved to approve the Consent Agenda. The motion, seconded by Commissioner Stooksbury passed with one abstention from Commissioner Fleming.

Pulled Items None

Consent Follow up None

Public Comments: None

Regular Agenda

6. 2022 Financial Audit Report Emily Smith and Rumzei Abdallah with Plante Moran gave virtual presentation on the audit.

This year the Plante Moran team has issued an unmodified opinion on the financial statements, meaning they were able to obtain reasonable assure that the financial statements are free of material misstatements, and that they found the financial records to be accurate, complete, and valid. They also stated that Plante Moran team did not experience any difficulties in performing the audit this year, thanks to the full cooperation of the Airport and City of Loveland finance team. Based on the amount of expenditures that the Airport had from the FAAs Airport Improvement Grant Program, Plante Moran was required to test AIP as a major program this year. The audit did not identify any instances of noncompliance, nor did they identify any



questionable costs within the AIP program. Plante Moran noted no issues in their testing of allowable activities, financial and performance reporting, wage rate requirements, and revenue diversion. In Plante Moran's opinion, the Airport complied, in all material respects, with the requirements referred to above that could have a direct and material effect for the year ended December 31, 2022.

Commissioner Arndt requests information on how much property and sales tax is collected by the airport, and which entities receive it. The airport staff agreed to provide such information to Commissioner Arndt at a later date.

Commissioner Adams moves to continue this item at the July 20th Commission meeting. The motion, seconded by Commissioner Arndt passed with one abstention from Commissioner Fleming.

Commissioner Stooksbury moved to introduce into the contents of item #7 the insurance response received recently, to be entered into the discussion. The motion seconded by Commissioner Adams passed with one abstention from Commissioner Fleming.

7. T-HANGAR
FACILITY
CONDITION
ASSESSMENT
REPORTS AND
REPAIR COST
ESTIMATES

Nicole Hahn, City Engineer for Loveland presented on this item along with Michelle Martin from Civil Innovation, and Scott Hargrove with Knots Laboratory.

Hangar A Recommendation: Given the relatively small size of Hangar A, and extent of repairs required to its gravity and lateral load bearing systems, Hangar A has met or exceeded its service life and is not a good candidate for retrofit and repair. Hangar B Recommendation: The cost to restore Hangar B to its pre damaged state was evaluated with this study and compared to the cost to replace the structure. Given limited number of units in Hangar B our team is not recommending repairs to the B hangars. Hangar C Recommendation: Staff recommends that completion of repairs to Hangar C be considered if the units continue to be occupied.

Commissioner DiMartino asked how long the C Hangar repairs will take, and the City Engineer answered about 6 weeks.

Commissioner Adams asked about the need for engineered drawings, wondering if designs have been made yet for the B hangars that would contribute to the cost. The engineers

responded that they do not currently have designs, but would be able to draw some up, just like the C units.

Public Comment:

Rick Turley speaks about the need to discuss “safety and liability”. He mentions that the engineers discarded safety as a concern, and the issue of liability has been addressed by consulting engineering firms and finding repair solutions, as well as talking to the insurance carrier and confirming coverage will be provided given the repairs be addressed. Turley believes the commission has all the information necessary currently to close this issue. Turley points out that the proposed repair costs were \$89,750 and made the calculations himself, based on the numbers presented at the last commission meeting, that the Airport has made \$89,000 this year in hangar rent. This brought him to the conclusion that by the end of this year, given the \$89,000 repairs are made to these hangars, the Airport will still have a \$58,000 profit from hangar rent. Then after these repairs are made, he estimates a \$150,000 annual revenue from C hangar rent. He insists the airport make these repairs and accelerate the development of “shovel-ready land” for tenants to be able to invest in as a new site for hangars.

James Aiden points out that the C hangars hold 40 tenants, whose lives have been greatly impacted by the eviction. He suggests a timely resolution since people are already selling their aircrafts. He also mentions that he talked to a couple aircraft brokers around the U.S. and asked them about helping him find a hangar if he were to buy an aircraft from them. When the brokers found out he was from Northern Colorado, they told him it was a lost cause. Aiden points out that the rest of the nation sees Northern Colorado as a problem area, and the commission should come to a decision quickly when it comes to hangars.

Steve McClintock suggests: remove hangar doors. Turn the hangars into hail sheds.

Adam Woodward, EAA chapter 515, states EAA is in full support of Rick Turley’s plan to repair these hangars and prepare “shovel-ready land”.

City of Loveland Risk Manager, Jason Smitherman states that the insurance carrier is not being very demanding yet. The insurance just wants an update by the end of this year.



Commissioner Adams suggest Airport staff research costs for demolition of unit A.

Commissioner Stooksbury moves to rescind the eviction date for C Unit hangars. The motion, seconded by Commissioner Arndt passed with one abstention from Commissioner Fleming.

Airport staff is tasked with bringing in order repairs for Units B and C, and to find demolition costs for Unit A. Commissioner Stooksbury also asks that Airport staff present a list of monthly revenues to the Commission at the next meeting, along with the full budget.

Adjournment: Meeting adjourned at 4:56pm

Respectfully Submitted,

Commission Chair, Don Overcash



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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

ITEM NUMBER: 2

MEETING DATE: July 20, 2023

PREPARED BY: Aaron Ehle, Airport Planning & Development Specialist

TITLE

Monthly Financial Statement

RECOMMENDED AIRPORT COMMISSION ACTION

Staff recommend acceptance of the preliminary financial statement as presented.

BUDGET IMPACT

Neutral

SUMMARY

Financial highlights for the month of June include:

- The monthly statement indicates just over \$8.9 million within the net position available for use. This amount includes \$6 million as approved by the Airport Commission and City Councils to be applied toward the terminal project. Within this amount \$2 million is from the CARES Act operations and maintenance grant, which has been fully drawn down and input in the account, \$2 million for the local matching contribution, and \$2 million in City Contributions that were approved by the City Councils which were just deposited.
 - An accurate net position available for use is \$2.9 million which is planned for future federal funding grant matches, specifically \$1 million for the \$14 million runway widening project in 2025, and the remainder maintaining the operational financial reserve.

ATTACHMENT

Preliminary monthly financial statement for June



NORTHERN COLORADO REGIONAL AIRPORT

Airport Statement of Revenues and Expenses From 01/01/2023 to 06/30/2023

PRELIMINARY

	Y-T-D 2023 Actual	Y-T-D 2022 Actual	Y-T-D 2023 Budget	2023 Total Budget	% of Total Budget
OPERATING REVENUES					
Hangar Rental	111,250	120,390	127,500	255,000	44%
FBO Rent	47,086	47,086	47,069	94,134	50%
Gas and Oil Commissions	125,863	141,214	94,998	190,000	66%
Aviation Fuel Tax Reimbursement	121,403	99,089	83,250	166,500	73%
Land Lease	311,030	261,437	250,002	500,000	62%
Land Lease PD Training Ctr	206,086	188,626	195,804	391,600	53%
Terminal Lease and Landing Fees	12,895	2,467	6,204	12,400	104%
Parking	0	0	0	0	0%
Miscellaneous	31,993	46,776	72,450	144,900	22%
TOTAL OPERATING REVENUES	967,605	907,085	877,277	1,754,534	55%
OPERATING EXPENSES					
Personal Services	463,946	362,485	544,770	1,089,540	43%
Supplies	47,834	51,450	67,208	124,900	38%
Purchased Services	171,094	182,226	743,678	1,496,860	11%
TOTAL OPERATING EXPENSES	682,875	596,162	1,355,656	2,711,300	25%
OPERATING GAIN (LOSS)	284,731	310,924	(478,379)	(956,766)	
NONOPERATING REVENUES (EXPENSES)					
Passenger Facility Charge	0	0	0	0	
Interest Income	28,582	12,181	25,500	51,000	56%
Capital Expenditures	(365,114)	(491,574)	(15,445,836)	(30,891,667)	1%
TOTAL NONOPERATING REVENUES (EXPENSES)	(336,531)	(479,392)	(15,420,336)	(30,840,667)	
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(51,800)	(168,469)	(15,898,715)	(31,797,433)	
Capital Contributions	1,155,730	900	15,624,000	31,248,000	4%
CHANGE IN NET POSITION	1,253,784	106,850	(137,358)	(549,433)	
NET POSITION, Beginning	21,237,480	19,864,422			
NET POSITION, Ending	24,341,410	19,696,853			
Investment in Capital Assets	15,440,026	15,805,175			
Net Position Available for use	8,901,384	3,891,678			



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ITEM NUMBER: 3

MEETING DATE: July 20, 2023

PREPARED BY: Aaron Ehle, Airport Planning & Development Specialist

TITLE

2022 Financial Audit Presentation

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to accept the 2022 audit as presented

BUDGET IMPACT

Neutral

SUMMARY

The City of Loveland's Finance Department contracted with external auditing firm Plante Moran in consultation with Airport Staff to complete an annual audit of the Airport's finances. These audits are required as part of being a public entity. The financial audit report was mistakenly left out of the June 15th Airport Commission meeting packet and this item was continued until July 20th, so the Commissioners can review the full report.

ATTACHMENTS

Airport Financial Audit for 2022



***Northern Colorado
Regional Airport***
Year Ended December 31, 2022



COLORADO

NORTHERN COLORADO REGIONAL AIRPORT

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NORTHERN COLORADO REGIONAL AIRPORT



May 26, 2023

The Northern Colorado Regional Airport annual financial statements for the year ended December 31, 2022, are respectfully submitted. This report was prepared by the City of Loveland's Finance Department. The responsibility for both the accuracy of the presented data and fairness of the presentation, including all the disclosures, rests with the City of Loveland. The City believes the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly portray the financial position and results of Airport operations as measured by the Airport's financial activity; and all disclosures necessary to enable the reader to gain an understanding of the Airport's financial affairs have been included.

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

Airport Overview

The Northern Colorado Regional Airport (FNL) has served as a public regional air transportation center since 1964. The Airport is certified by the Federal Aviation Administration as a commercial service airport and is administered and operated jointly by the Cities of Fort Collins and Loveland in Northern Colorado. The Airport supports approximately 125,000 aircraft flight operations annually. These operations range from commercial air carrier, air taxi and charter, business aviation, air ambulance transport, aerial fire suppression, pilot training, and private transportation flights. An estimated 11,619 outbound passengers (enplanements) traveled from the Airport on commercial air carriers and chartered casino flight services operated by Avelo Airlines, Swift Air, and Sun Country Airlines, and sports charters for Colorado State University and University of Northern Colorado.



Airport Area	1, 073 Acres
Runway (Primary)	8,500' x 100'
Runway (Crosswind)	2,273' x 40'
Based Aircraft	308
Hangars	222
Passengers	11,000

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

The Northern Colorado Regional Airport Commission is comprised of elected officials, staff, and appointed citizen members from both Fort Collins and Loveland. The Commission has been delegated powers and authority from both City Councils in order to continue to make progress towards the strategic plan and the associated Vision and Mission:

Vision Statement

"Northern Colorado Regional Airport...sparkling innovative transportation and leading edge economic development, training, research and education throughout the region."

Mission Statement

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

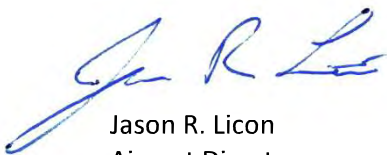
The Northern Colorado Regional Airport Commission is charged by the Cities to set policy and direction for the Airport to achieve the goals and objectives outlined in the various plans including the Airport Master Plan, and Strategic Plan. The Airport's Strategic Plan Focus Areas are:

- Safe, Secure, & Financially Sustainable Operations
- Multi-modal Transportation
- Economic Development & Impact
- Education, Training, and Innovation

The financial highlights for 2023 include the following:

- Continuation of the ground-based services in partnership with Landline, Groome, & United Airlines, which all contribute lease and/ or per passenger fees to the airport's revenue budget.
- Regularly scheduled flights provided by Avelo Airlines discontinued in 2022 but is expected to impact funding for 2024 due to the achievement of over 10,000 enplanements that will provide additional federal funding guarantees of \$1.5 million.
- The Airport's classification within the FAA's National Plan of Integrated Airport Systems changed from a regional to a national airport. This change will provide additional federal funding through allocations with the Bipartisan Infrastructure Law appropriations.
- The new airline terminal design is scheduled to have design work complete 2Q 2023 with construction to begin in mid to late 2023. Many opportunities for growth in commerce and additional jobs for the community are anticipated with this project.
- New development for both aeronautical use and non-aeronautical use and associated land lease agreements will add to the economic bottom line of the Airport and continue to contribute toward self-generated revenues.
- The Remote Air Traffic Control Tower continues testing during the first quarter of 2023. Capital and operational costs continue to be funded by the FAA and the State through the Colorado Aeronautics Division.
- Fuel flowage and aviation fuel tax reimbursements are tied to a percentage, relying upon the price of fuel in addition to the volume of sales. The price of fuel in the coming year will impact the amount of revenues collected from percentage-based fuel flowage and tax reimbursements.
- Early in 2023 the Airport Commission made the decision to decommission the Cities' owned T-hangars, so those revenues will be reduced by approximately \$130,000 lower than what was budgeted.

Respectfully,



Jason R. Licon
Airport Director

Independent Auditor's Report

To the Northern Colorado Regional
Airport Commission
Northern Colorado Regional Airport

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northern Colorado Regional Airport (the "Airport") as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northern Colorado Regional Airport as of December 31, 2022 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Northern Colorado Regional
Airport Commission
Northern Colorado Regional Airport

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Northern Colorado Regional Airport's basic financial statements. The budgetary comparison schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the letter of transmittal but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Northern Colorado Regional
Airport Commission
Northern Colorado Regional Airport

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited Northern Colorado Regional Airport's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2023 on our consideration of Northern Colorado Regional Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northern Colorado Regional Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Colorado Regional Airport's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 26, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

Our discussion and analysis of the Northern Colorado Regional Airport's financial performance provides an overview of the Airport's financial activities as of and for the year ended December 31, 2022. Please read it in conjunction with the financial statements, which begin on page 9.

Financial Highlights

- In 2022, net position increased by \$1,373,056 (6.91%) primarily due to capital contributions.
- Total operating revenues increased to \$1,994,651, an increase of \$309,986 (18.40%) compared to 2021, due to increased Gas and Oil Commissions and Land Lease Revenue.
- Total operating expenses increased to \$2,991,590, an increase of \$367,002 (13.98%) primarily due to increased Personal services and Runway/Taxiway repairs.

Overview of the Financial Statements

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

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

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

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

Entity-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Airport's financial position. As of December 31, 2022, assets exceeded liabilities by \$21,237,480.

Net Position		
	2022	2021
Current Assets	\$ 6,262,466	\$ 4,524,806
Capital Assets	15,440,026	15,805,175
Total Assets	21,702,492	20,329,981
Current Liabilities	465,012	465,557
Net Position:		
Investment in Capital Assets	15,440,026	15,805,175
Unrestricted	5,797,454	4,059,249
Total Net Position	\$ 21,237,480	\$ 19,864,424

Net Position

Net position of the Airport at December 31, 2022 is shown to the left. The largest portion (72.7%) of the Airport's net position is the net investment in capital assets (land, buildings, improvements, runways, leasehold improvements, and equipment). The Airport uses these capital assets to provide aviation services to the surrounding communities. Consequently, these assets are not available for future spending. Unrestricted net position may be used to meet the Airport's ongoing obligations.

Changes in Net Position			
	2022		2021
Program Revenues	\$	1,994,651	\$ 1,684,665
Program Expenses		2,991,590	\$ 2,624,588
Operating Loss		(996,939)	(939,923)
Non-operating Revenues			
Interest Income		(112,374)	(61,294)
Federal/State Grants		1,399,819	631,385
Total Non-operating Revenues		1,287,445	570,091
Net Loss before Capital Contributions		290,506	(369,831)
Capital Contributions		1,082,549	3,642,656
Change in Net Position		1,373,056	3,272,824
Net Position - Beginning		19,864,424	16,591,600
Net Position - Ending	\$	21,237,480	\$ 19,864,424

Change In Net Position

The Airport's total revenues of \$4,364,645 were higher than total expenses of \$2,991,590 for an increase in net position of \$1,373,056 for 2022.

Debt Administration And Capital Assets

Debt Administration

The Airport currently has no long-term debt.

Capital Assets

At the end of December 31, 2022, the Airport had \$15,440,026 invested in capital assets. This represents a net decrease of \$365,149, or -2.3%, from 2021. This decrease is due primarily to depreciation expense in excess of current year additions. More detailed information about the Airport's capital assets is presented in the Notes to Financial Statements.

Budgetary Highlights

The 2022 Airport budget was very much on target with both projected revenues and expenses, other than Capital outlay and its related reimbursement of Federal grant monies, due to delays in capital projects.

Economic Factors and the 2023 Budget

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

- The new airline terminal design is scheduled to have design work completed by 2nd quarter 2023, with construction to begin in mid to late 2023. Many opportunities for growth in commerce and additional jobs for the community are anticipated with this project.
- The Airport's air traffic control system, known as the Remote Tower Project, is rescheduled for testing during the first quarter of 2023. Airport staff and project managers anticipate this project will elevate the airport to potential aeronautical operators who have expressed an interest in this project's success. Capital costs will be completely funded by CDOT and the FAA and the FAA has agreed to fund all air traffic control operating costs to maintain consistent levels of safety.

- The Airport's classification within the FAA's National Plan of Integrated Airport Systems changed from a regional to a national airport. This change will provide additional federal funding through allocations with the Bipartisan Infrastructure Law appropriations.
- Fuel flowage and aviation fuel tax reimbursements are tied to a percentage, relying upon the price of fuel in addition to the volume of sales. The price of fuel in the coming year will impact the amount of revenues collected from percentage-based fuel flowage and tax reimbursements.

Requests For Information

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

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF NET POSITION

December 31, 2022

	<u>2022</u>
ASSETS	
Current Assets	
Equity in Pooled Cash	\$ 2,245,061
Equity in Pooled Investments	2,363,679
Accounts Receivable	300,446
Grants Receivable	<u>1,353,280</u>
Total Current Assets	<u>6,262,466</u>
Noncurrent Assets	
Land	563,614
Construction in Progress	1,913,272
Runways	15,145,710
Improvements Other than Buildings	12,369,085
Equipment	2,697,265
Buildings	<u>1,891,645</u>
Total Capital Assets	34,580,591
Accumulated Depreciation	<u>(19,140,565)</u>
Capital Assets, Net	<u>15,440,026</u>
TOTAL ASSETS	<u>21,702,492</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	324,436
Rental deposits	42,685
Accrued Liabilities	<u>97,891</u>
Total Current Liabilities	<u>465,012</u>
NET POSITION	
Investment in Capital Assets	15,440,026
Unrestricted	<u>5,797,454</u>
TOTAL NET POSITION	<u>\$ 21,237,480</u>

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

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2022

(With Summarized Comparative Totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Hangar Rental	\$ 240,022	\$ 247,095
FBO Rent	94,172	92,713
Gas and Oil Commissions	405,588	265,576
State Aircraft Fuel Tax	193,644	110,050
Land Lease	538,893	371,770
Land Lease - Police Training Center	381,601	366,791
Terminal Lease and Landing Fees	8,024	7,160
Parking	-	330
Miscellaneous	<u>132,708</u>	<u>223,180</u>
TOTAL OPERATING REVENUES	<u>1,994,651</u>	<u>1,684,665</u>
OPERATING EXPENSES		
Personal Services	776,765	668,422
Purchased Services	620,144	435,275
Supplies	99,694	74,945
Depreciation	<u>1,494,987</u>	<u>1,445,945</u>
TOTAL OPERATING EXPENSES	<u>2,991,590</u>	<u>2,624,588</u>
OPERATING LOSS	<u>(996,939)</u>	<u>(939,923)</u>
NONOPERATING REVENUES		
Interest/Investment Income(loss)	(112,373)	(61,294)
Federal/State Grants	<u>1,399,819</u>	<u>631,385</u>
TOTAL NONOPERATING REVENUES	<u>1,287,446</u>	<u>570,091</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	290,507	(369,832)
Capital Contributions	<u>1,082,549</u>	<u>3,642,656</u>
CHANGE IN NET POSITION	1,373,056	3,272,824
NET POSITION, Beginning	<u>19,864,424</u>	<u>16,591,600</u>
NET POSITION, Ending	\$ <u><u>21,237,480</u></u>	\$ <u><u>19,864,424</u></u>

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

NORTHERN COLORADO REGIONAL AIRPORT

STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

(With Summarized Comparative Totals for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 1,952,691	\$ 1,639,767
Cash Payments for Goods and Services	(736,383)	(190,913)
Cash Payments to Employees	<u>(760,765)</u>	<u>(658,266)</u>
Net Cash Provided by Operating Activities	<u>455,544</u>	<u>790,588</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Federal and State Grants	3,908,704	(284,595)
Payments for Capital Acquisition	<u>(1,129,838)</u>	<u>(3,623,375)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>2,778,867</u>	<u>(3,907,971)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from Federal and State Grants	<u>1,399,819</u>	<u>631,385</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,399,819</u>	<u>631,385</u>
Cash Flows from Investing Activities		
Purchase of Investments	(2,635,473)	(1,241,776)
Proceeds from Sale of Investments	203,121	3,697,067
Investment Earnings	<u>33,773</u>	<u>9,722</u>
Net Cash Provided by (Used in) Investing Activities	<u>(2,398,579)</u>	<u>2,465,013</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,235,650	(20,985)
CASH AND CASH EQUIVALENTS, Beginning	<u>9,411</u>	<u>30,396</u>
CASH AND CASH EQUIVALENTS, Ending	\$ <u><u>2,245,061</u></u>	\$ <u><u>9,411</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (996,939)	\$ (939,923)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	1,494,987	1,445,945
Changes in Assets and Liabilities		
(Increase)decrease in Accounts Receivable	(41,962)	(44,900)
Increase(decrease) in Accounts Payable	(40,312)	316,864
Increase(decrease) in Accrued Liabilities	<u>39,769</u>	<u>12,602</u>
Total Adjustments	<u>1,452,482</u>	<u>1,730,511</u>
Net Cash Used by Operating Activities	\$ <u><u>455,544</u></u>	\$ <u><u>790,588</u></u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

Cash and Investments

The Airport's cash and investments are pooled with those of the City of Loveland. The City of Loveland's Investment Policy authorizes investments in accordance with State statutes for the investing of public funds. Current investment holdings may include Certificates of Deposit, U.S. Treasury Notes, U.S. Agency Securities, Municipal Bonds and Corporate Bonds that mature within seven years. Investments are stated at fair value. Because the investments are part of a pool, the underlying securities cannot be determined. For the purposes of the statement of cash flows, management defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less. Cash equivalents are both readily convertible to cash and are so near their maturity that they present insignificant risk of change in value due to interest rate changes. The Airport's cash is approximately 2.52% of the City's cash balance.

Receivables

Receivables consist primarily of federal and state grants, land, and hangar leases, as well as other miscellaneous receivables. At December 31, 2022, the grants receivable balance was \$1,353,280.

Leases

The Airport is a lessor for noncancelable leases of certain assets, including airport facilities, surrounding property, and locations within the airport. In accordance with GASB 87, the Airport recognizes a lease receivable and a deferred inflow of resources in the financial statements, where applicable. The Airport did not have any applicable leases at December 31, 2022.

Under GASB 87, for applicable leases, at the commencement of a lease, the Airport initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Airport determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

The Airport uses the market rate of interest at lease inception as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Airport monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease activity is further described in Notes 6 and 8.

Capital Assets

Capital assets include land, improvements, buildings, runways, leasehold improvements, and equipment. Capital assets are defined by the Airport as assets with an initial, individual cost of more

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

than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Accrued Liabilities

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

Compensated Absences

Airport employees are allowed to accumulate vacation and sick time as stipulated in the administrative regulations of the City of Loveland. A liability is recorded on the Airport financial statements for these accrued compensated absences. At December 31, 2022, the Accrued Compensated Absence balance was \$61,650.

Net Position

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

Comparative Data

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Accordingly, such information should be read in conjunction with the Airport's financial statements as of and for the year ended December 31, 2021.

Adoption of New Accounting Pronouncements

The GASB has issued several statements implemented by the Airport. The Standard which will impact the Airport are as follows:

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

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

provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases.

NOTE 2: **CASH AND INVESTMENTS**

Cash and investments at December 31, 2022, consisted of the following:

Deposits	\$	2,245,061
Investments		<u>2,363,679</u>
Total	\$	4,608,740

Deposits and investments are displayed within this report as follows:

Equity in Pooled Cash	\$	2,245,061
Equity in Pooled Investments		<u>2,363,679</u>
Total	\$	4,608,740

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. The State banking commissioner regulates the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2022 the Airport had \$15,494 collateralized with securities held by the financial institution's agent but not in the Airport's or City of Loveland's name.

Investments

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

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

Fair Value

The Airport categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Airport's investments are approximately 0.93% of the City's investments and the numbers below are the Airport's percentage:

NOTE 2: CASH AND INVESTMENTS (continued)

The Airport has the following recurring fair value measurements as of December 31, 2022:

- U.S. Treasury securities of \$1,367,170 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$643,515 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$84,459 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$107,115 are valued using matrix pricing techniques (Level 2 inputs)
- Commercial Paper of \$149,155 are valued using matrix pricing techniques (Level 2 inputs)
- Foreign Securities of \$12,266 are valued using matrix pricing techniques (Level 2 inputs)

Investments Held in our Colorado Surplus Asset Fund Trust

The Airport invested \$169,892 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is valued at amortized cost. The investments conform to its permitted investments and will meet Standard & Poor's investment guidelines to achieve an AAAM rating, the highest attainable rating for a Local Government Investment Pool. Information related to CSAFE can be found at their website, www.csafe.org.

At December 31, 2022, the Airport had the following investments:

Investment type	STANDARD AND POOR'S RATING	LESS THAN 1	1 TO 3 YEARS	4 TO 5 YEARS	MORE THAN 5	TOTAL
U.S. Treasury Notes	N/A	\$ 235,326	\$ 1,131,844	\$ -	-	\$ 1,367,170
U.S. Agency Securities	AA+	46,322	553,295	43,897	-	643,514
Corporate Bonds	AA-/A/A-/AA/AA+	56,940	27,519	-	-	84,459
Municipal Bonds	AA/AA+	63,447	43,668	-	-	107,115
Foreign Securities	AA-	-	12,266	-	-	12,266
Commercial Paper	AA	149,155				149,155
Total		\$ 551,190	\$1,768,592	\$ 43,897	-	\$ 2,363,679

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

1. Interest Rate Risk: State statutes and the City of Loveland's Investment Policy limit investments in US Treasury and Agency securities to an original maturity up to five years with a minimum credit rating of A+/A1. State Statutes and the City's Investment Policy require all repurchase agreements with a maturity of less than 1 year and collateralized with securities allowed by statute at no less than 102% of fair value. State statutes and the City's Investment Policy limit investments in corporate bonds to an original maturity of three years or less.
2. Credit Risk: State statutes and the City of Loveland's Investment Policy limit investments in US Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes and the City's Investment Policy limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with rules governing government investment pools, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes and the City's Investment Policy limit investments in corporate bonds and Foreign Issues to a minimum credit rating of "AA- or Aa3" by two or more NRSROs. At December 31, 2022, the City held no corporate bonds with a rating lower than the minimum rating.
3. Custodial Credit Risk: The City of Loveland's Investment Policy requires that securities purchased from any bank or dealer, including appropriate collateral, be placed with an independent third party for custodial safekeeping. The City has entered into an agency agreement with US Bank-

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

Denver to establish an Investment Management Account pursuant to Colorado Revised Statutes. The City's pooled cash is invested in this account. The Bank purchases investments for the City and maintains an internal accounting record of all investments of the City. All investment transactions are approved by City management. All investments, held and maintained by the Trust Department of the Bank, are specifically separate from the investments of the bank and are identified as being investments of the City of Loveland. Investments of Loveland Special Improvement District #1 are held by other banks in their Trust Departments and are also specifically identified as being investments of the City of Loveland.

4. **Concentration of Credit Risk:** The City of Loveland's Investment Policy does not limit the amount the City may invest in one issuer. The City had investments in US agency securities greater than 5% of its total portfolio as follows, the Airport's percent is 0.93% of the City's total investments:
 - a. US Treasury Notes (57.84%)
 - b. Federal Home Loan Bank (9.17%)
 - c. Federal National Mortgage Association (3.66%)
 - d. Federal Home Loan Mortgage Corporation (5.53%)
 - e. Federal Farm Credit Bank (8.86%).

NOTE 3: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets and Budgetary Accounting

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

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022, is below:

	Balances 12/31/21	Additions	Deletions	Balances 12/31/22
Capital Assets, Not Being Depreciated				
Land	\$ 563,614	\$ -	\$ -	\$ 563,614
Construction in Progress	807,432	1,105,840		1,913,272
Total Capital Assets, Not Being Depreciated	1,371,046	1,105,840	-	2,476,886
Capital Assets, Being Depreciated				
Runways	15,133,712	11,998	-	15,145,710
Improvements	10,807,424		-	10,807,424
Equipment	2,700,265	12,000	(15,000)	2,697,265
Buildings	1,891,645		-	1,891,645
Leasehold Improvements	1,561,661	-	-	1,561,661
Total Capital Assets, Being Depreciated	32,094,707	23,998	(15,000)	32,103,705
Less Accumulated Depreciation				
Runways	(7,857,233)	(729,066)	-	(8,586,299)
Improvements	(6,088,964)	(504,290)	-	(6,593,254)
Equipment	(2,003,091)	(158,715)	15,000	(2,146,806)
Buildings	(525,316)	(65,253)	-	(590,569)
Leasehold Improvements	(1,185,974)	(37,663)	-	(1,223,637)
Total Accumulated Depreciation	(17,660,578)	(1,494,987)	15,000	(19,140,565)
Total Capital Assets, Being Depreciated, Net	14,434,129	(1,470,989)	-	12,963,140
Total Capital Assets, Net	\$ 15,805,175	\$ (365,149)	\$ -	\$ 15,440,026

Construction Commitments

At December 31, 2022, the Airport had construction projects in progress as follows:

Project	Budget	Cost to Date
New Terminal Building	\$2,256,852	\$1,105,840

NOTE 5: RISK MANAGEMENT

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

NOTE 6: **CONTRACTUAL AGREEMENTS**

Intergovernmental Agreements

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

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

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

A second Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado was entered into March 19, 2019, for the lease of certain real property at the Airport for a Police Training Center. The Intergovernmental Agreement calls for each City to pay fair value rent to the Airport in equal payments on a quarterly basis. The rental rate will be adjusted annually by using the CPI as published by the Bureau of Labor Statistics. The term of the rental period is 50 years. Each City paid \$190,800 in rental payments in 2022.

Certain administrative services are provided by the City of Loveland. These include legal services, accounting and purchasing, audit costs, personnel and benefits administration, engineering, facilities maintenance, general administration, environment services and risk and insurance management. In 2022, the City of Loveland was paid \$23,450 for these services. The City also provided the Airport Fleet maintenance services in the amount of \$48,790 and utilities in the amount of \$137,142.

As part of personnel administration, the employees of the Airport also participate in the City of Loveland's 401(a) money purchase plan that was established (and may be amended) by City Council of the City of Loveland. This Plan requires contributions of 5% from the employer and 3% from the employee. The Airport contributed \$28,965 to the Plan in 2022, representing the required contributions.

NOTE 7: **COMMITMENTS AND CONTINGENCIES**

TABOR Amendment

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

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

NOTE 7: **COMMITMENTS AND CONTINGENCIES (continued)**

Claims and Judgments

The City of Loveland receives Federal and State grants for use by the Airport. These grants are reported as grant revenues in the Airport's financial statements. However, certain Federal compliance and reporting requirements remain the responsibility of the City of Loveland. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Airport may be required to reimburse the grantor government.

Lease Commitments

The Airport is obligated to pay the Fixed Base Operator for modification, upgrade, or replacement of the Fuel Farm equipment to the extent the cost of such modification, upgrade or replacement, exceeds \$50,000 in any calendar year. Lessee shall consult with the Cities and the Cities' approval shall be required prior to incurring any expenditure to be borne by the Cities.

NOTE 8: **LEASES**

Regulated Leases:

The Airport is party to certain regulated leases, as defined by GASB Statement No. 87. In accordance with GASB 87, the Airport does not recognize a lease receivable and a deferred inflow of resources for regulated leases.

Facilities Leased to Fixed Base Operator

The Cities of Loveland and Fort Collins, on behalf of the Airport, leases certain facilities to the Fixed Base Operator (FBO). The 24-year lease agreement includes monthly rent of land and improvements for the first four years at \$4,766 a month. The base monthly rent payment was set at \$6,824 beginning May 1, 2015. However, the annual base rent was increased on May 1, 2018 and will increase on each third anniversary in an amount equal to the increase, if any, in the "Consumer Price Index". The current rate is \$94,172, which is set to increase based on CPI on May 1, 2024. After the initial term expiration on April 30, 2035, the Lessee shall have the option to extend the term of the agreement for two additional periods of five years each. The agreement also provides for a fuel flowage fee of 6% of delivered fuel cost or \$.08 per gallon, whichever is higher.

Ground Lease

The Cities of Loveland and Fort Collins, on behalf of the Airport, leases a parcel of land to a third party. The 20-month lease agreement (December 2022 to August 2024) includes monthly rent of \$4,356. Lease revenue for 2022 was \$2,248.

Access Area Agreement

The Cities of Loveland and Fort Collins, on behalf of the Airport, provides an Access Agreement to certain areas of the airport to Aims Community College for their academic degree program for professional flight training. The five-year agreement includes monthly rent of \$2,520.07 and is set to expire in May of 2023. The Airport is confident that the College will enter into a new agreement prior to the expiration of the current agreement. Lease revenue for 2022 was \$29,896.

NOTE 8: **LEASES (continued)**

Regulated Leases (continued):

Land Leases

The Cities of Loveland and Fort Collins, on behalf of the Airport, lease numerous parcels of land to third parties for construction of hangars at the owner’s expense. At the end of the lease the ownership of the hangar reverts to the Airport. The leases are for a 25-year term with (three) five-year extensions. The lease revenue from these land leases was \$342,849 in 2022.

The Airport also leases land to the Loveland/Fort Collins Police Training Center. The lease is for 50 years and requires each city to pay fair value rent to the Airport in equal payments on a quarterly basis. The initial rental rate of \$177,500 paid annually by each city for a total of \$355,000, will be adjusted annually by using the CPI as published by the Bureau of Labor Statistics. Each City paid \$190,800 in rental payments in 2022. See Note 6 for additional information.

Hangar Leases

The Cities of Loveland and Fort Collins, on behalf of the airport, lease six hangar buildings, four consisting of 57 individual T-hangars of which 47 are leased, to third parties. Two separate box hangars are leased to third parties. These leases are short-term in nature and have monthly rents ranging from \$249 to \$308 per month for the T-hangars and \$940 to \$5,000, per box hangar. The lease revenue from hangar leases was \$240,022 in 2022.

Future expected annual minimum payments related to the Airport’s regulated leases are as follows:

2023	\$ 854,916
2024	844,836
2025	844,836
2026	844,836
2027	844,836
2028 - 2032	4,224,181
2033 - 2037	3,930,474
Thereafter	14,330,648

NOTE 9: **SUBSEQUENT EVENT**

Decommission of Leased Hangars

At the March 2nd special meeting of the Northern Colorado Regional Airport Commission, a decision was made that directed airport staff to begin the process of decommissioning four hangar buildings. The hangars were transferred to the Cities ownership after their long-term land leases had expired, with one third of the units reverting to the Cities’ ownership in early 2020. Since this time these hangars have been rented to private aircraft owners on a month-to-month basis.

Originally constructed between 1965 and 1977, the four buildings contain 47 individual hangar tenants that utilize them for small aircraft storage.

At the April 20, 2023, meeting, the Commission decided to extend the leases for these hangars through October 2023. The decommissioning of the hangars will negatively affect the Airport’s Hangar Revenue by \$175,000 annually.

NOTE 9: [SUBSEQUENT EVENT \(continued\)](#)

Management Change

On May 22, 2023, the Airport's director announced that he will be resigning effective June 2, 2023. A nationwide search is underway for his replacement.

NORTHERN COLORADO REGIONAL AIRPORT

BUDGETARY COMPARISON SCHEDULE

(NON-GAAP BUDGETARY BASIS)

Year Ended December 31, 2022

(With Summarized Comparative Totals for the year ended December 31, 2021)

	2022				
	BUDGET			DIFFERENCE	2021
	ORIGINAL	FINAL	ACTUAL	WITH FINAL	ACTUAL
				BUDGET	
REVENUES					
Hangar Rental	\$ 225,000	\$ 225,000	\$ 240,022	\$ 15,022	\$ 247,095
FBO Rent	96,287	96,287	94,172	(2,115)	92,713
Gas and Oil Commissions	180,000	180,000	405,588	225,588	265,576
State Aircraft Fuel Tax	140,000	140,000	193,644	53,644	110,050
Land Lease	370,000	370,000	538,893	168,893	371,770
Land Lease - Police Training Center	379,900	379,900	381,601	1,701	366,791
Terminal Lease and Landing Fees	12,000	12,000	8,024	(3,976)	7,160
Parking	75,000	75,000	-	(75,000)	330
Interest/Investment Income (Losses)	51,000	51,000	(112,373)	(163,373)	(61,294)
Federal and State Grants	16,581,373	16,581,373	2,482,368	(14,099,005)	4,274,041
Miscellaneous	23,000	23,000	132,707	109,707	223,179
TOTAL REVENUES	18,133,560	18,133,560	4,364,645	(13,768,915)	5,897,411
EXPENDITURES					
Personal Services	827,312	827,312	776,764	50,548	668,421
Purchased Services	647,114	656,419	620,144	36,275	435,275
Supplies	100,000	100,000	99,694	306	74,945
Capital Outlay	17,500,000	20,369,053	1,129,838	19,239,215	3,623,375
TOTAL EXPENDITURES	19,074,426	21,952,784	2,626,439	19,326,345	4,802,016
CHANGE IN NET POSITION, Budgetary Basis	\$ (940,866)	\$ (3,819,224)	1,738,206	\$ 5,557,430	1,095,394
RECONCILIATION TO GAAP BASIS					
Capital Outlay			1,129,838		3,623,375
Depreciation			(1,494,987)		(1,445,945)
CHANGE IN NET POSITION, GAAP Basis			\$ 1,373,056		\$ 3,272,824

See the accompanying Independent Auditors' Report.

Notes to Budgetary Comparison Schedule:

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

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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Northern Colorado Regional Airport (the "Airport") as of and for the year ended December 31, 2022 and the related notes to the basic financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated May 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

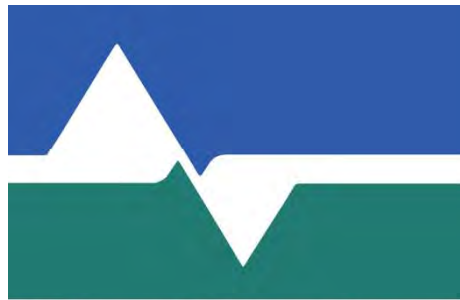
Purpose of This Report

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

Plante & Moran, PLLC

May 26, 2023

Prepared by:
Finance Department
Accounting Division



City of Loveland
COLORADO



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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

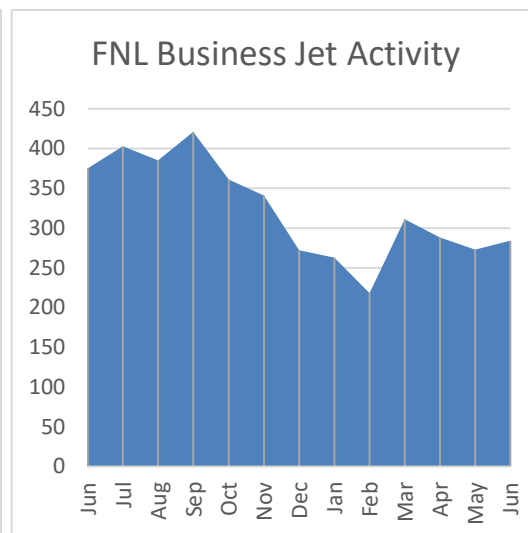
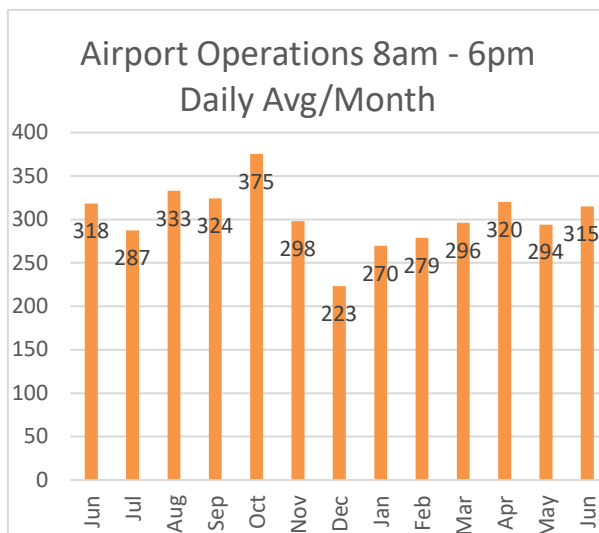
Date: July 20, 2023
To: Northern Colorado Regional Airport Commission
From: David Ruppel, Airport Director
Re: July Airport Report

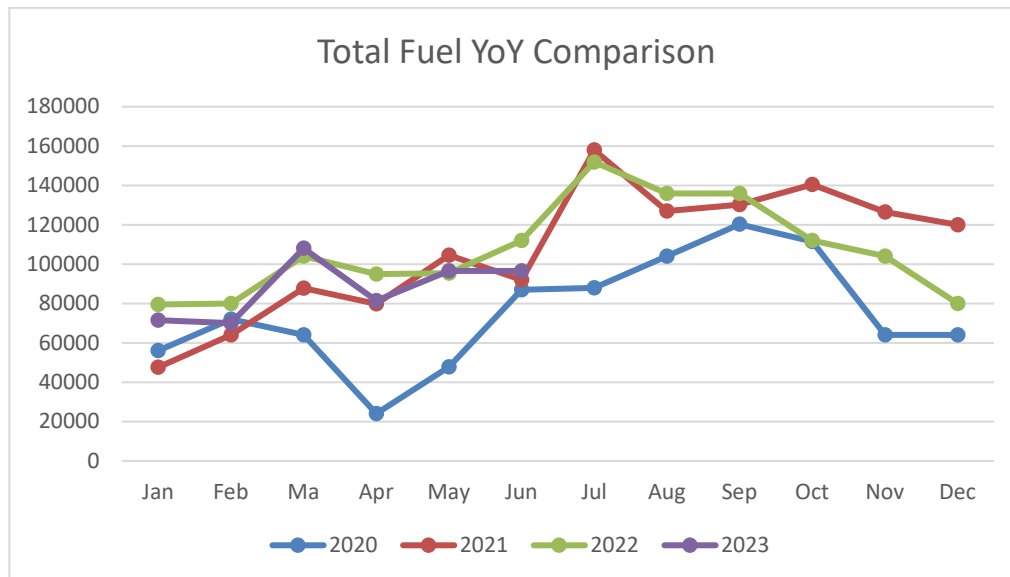
Report Highlights

- The FAA stop work order is in effect allowing Searidge Technologies to implement system upgrades and submission of critical documentation necessary for the continued certification process of the remote tower system. This extension will allow the FAA to continue supporting air traffic control services being provided at the airport.
- The Airport staff has scheduled to pick up the Sun Valley Idaho Airport snow broom, valued at \$579,000, on August 15th. A team from FNL and the City of Loveland Fleet Department will travel to Sun Valley to verify the condition of the equipment and the shipping company's tiedown procedures and then the equipment will be transported to FNL.
- The Airport is working with the City Engineer to finalize bid packages for repairs on the C-hangars and demolition for the A and B hangars.
- Construction begins on the Terminal project.

July Airport Activity Dashboard

- Flight operations for the month of June averaged 315 per day, and the twelve-month rolling average is 298.
- Wholesale fuel ordered by the jetCenter FBO was c.96,525 gallons for the month of June, a significant decrease of c. 25% compared to the previous June at 127,945 gallons.
 - Total fuel for jetCenter is down 7% year over year
 - Total fuel flowage through June is c.579,152 gal compared to 669,020 gal in 2022
- Business jet activity for June compared to the same month in 2022 dropped by 24% to 285 operations from 375.





Airport Owned T-Hangars Update

C Hangars: The team is working on putting the bid package together for the repairs to the C hangars. We anticipate the bid will be released in late August.

B Hangars: During the last Commission meeting the Commission advised the team to determine if the B hangars could be repurposed as a hail shelter. Building officials confirmed that if these modifications are desired, the B hangars would have to be brought up to code because more than 50% of the structure would have to be modified. This requirement makes modifications to the B hangars not practical. It is our recommendation to demolish the B hangars.

A Hangars: The team is working on demolition plans and a schedule and estimate is expected in early August.

Remote Tower

With the FAA approval of the six-month time extension for Searidge Technologies to install new cameras and technology that will enable the system to meet the new criteria for visibility the FAA will provide the funding for another six months of air traffic control services, which is an estimated value of \$350,000. Searidge is expected to install the new cameras and screens in the next two months. Searidge is also working with the FAA on System Design Approval (SDA) for the system to use and process the information provided by the new equipment. The SDA process is expected to be completed by the end of October. Once the SDA is complete the FAA will be able to restart the operational testing and evaluation for the goal of system, certification.

Terminal

The Groundbreaking Ceremony for the new Terminal was held on Thursday, July 13th and included speeches from Commission Chair, Don Overcash, Fort Collins Mayor, Jeni Arndt, Airport Director, Dave Ruppel, FAA Representative, Todd Minnich, LandLine Executive, Hannah Tumara, and VFLA Principal Architect, Chris Aronson. Airport staff along with assistance from Nicole Yost and Cindy Mackin, did a fantastic job of setting the stage for the ceremony.

Actual construction is planned to begin on July 24th and will be completed in late 2024.

Mobile Tower Relocation

We are working with ATO and the Tower Supervisor to identify potential locations that the mobile tower could be located to provide better visibility during construction. We are hopeful that we might be able to find an alternate location that could make it possible to connect to the radar that is located in the Remote Tower.

Airport Equipment Donation

Airport staff has scheduled to pick up the Sun Valley Idaho Airport snow broom, valued at \$579,000,



on August 15th. A team from FNL and the City of Loveland Fleet Department will travel to Sun Valley to verify the condition of the equipment and the shipping company's tiedown procedures and then the equipment will be transported to FNL. This rotary broom will be a significant addition to FNL's snow removal capability.

Airport Scheduled Events

- July 24 Construction on the new Terminal begins.
- August 12 Aims Aviation Day
- October 6-7 Colorado State University's "Colorado Drone Airshow 2023"

Attachments

1. Remote Tower Project Report for April from WEPA
2. Loveland Fire and Rescue Authority ARFF monthly report
3. News Articles:
 - a. Terminal Groundbreaking
 - b. What is Plan B? Some Pilots Concerned About Tower Safety at The Northern Colorado Regional Airport



June 30, 2023

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

Section A – Remote Air Traffic Control Contract Progress Report #24

Re: Period: June1 through June 30, 2023

Colorado Remote Tower Project Activity Status			
Activity	Status/Start Date (Projected)	Finish Date (Projected)	Remarks
Remote Tower Implementation			
STARS Operational at FNL	11/25/2022	12/15/2022	Local Adaption and Mapping Complete
Remote Tower System			
System Upgrade - Tech Refresh	In-Progress	TBD	Ongoing
Remote Tower Testing			
FAA Stop Work Order	10/7/2022	11/11/2022	Vendor Addressing Deficiencies
OVR Ver 2.1	3/4/2023	3/4/2023	Delivered to Vendors
4K Camera and Display Test at FNL	3/27/2023	3/31/2023	Complete
Vendor Requests Extension of Stop Work Order	4/14/2023	4/14/2023	FAA Consider Request on 4/27/2023
FAA Considers Stop Work Order Extension	4/27/2023	4/27/2023	FAA Grants 6 Month Extension
Install Full System Upgrades	June 2023	TBD	
Phase 1B - Passive Re-testing	TBD	TBD	
Safety Risk Manage Panel	TBD	TBD	FAA Forecast Schedule 1 week duration
Safety Risk Management Document Signed	TBD	TBD	FAA Forecast Schedule 6 months
Phase 2 - Active Testing	TBD	TBD	Subject to FAA Phase 1 SRMD Signatures
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Phase 3 - Validation & Verification	TBD	TBD	Subject to FAA Phase 2 SRMD Signatures
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Operational Viability Decision (OVD)	TBD	TBD	
Phase 4 - Post OVD Validation & Verification	TBD	TBD	Subject to FAA Phase 3 SRMD Signatures
Safety Risk Manage Panel	TBD	TBD	
Safety Risk Management Document Signed	TBD	TBD	
Certification/Commissioning	TBD	TBD	

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

Remote Tower Project Narrative:

At the conclusion of the 4K camera and display demonstration on March 30, 2023, a report on the demonstration was produced by NextGen, a copy of which is attached, indicating that a 4k solution meets the requirements of Operational Visual Requirement (OVR) 2.1.

The vendor has received comments from TechOps (AJW) on the System Engineering Management Plan (SEMP), Plan for Software Aspects of Approval (PSAA) and Concept of Operation (ConOps) and submitted updated documents on Friday June 23, 2023.

The vendor is scheduling a workshop on their Safety Management Plan (SMP) in early July as well as a Technical Interchange Meeting (TIM) to review the AJW comments.

Subsequent to the Stop Work Order issued on October 7, 2022, the vendor conducted the demonstration of the system's capabilities using 4K cameras and displays, and has been moving forward to provide the System Design Approval (SDA) documentation as required by NextGen.

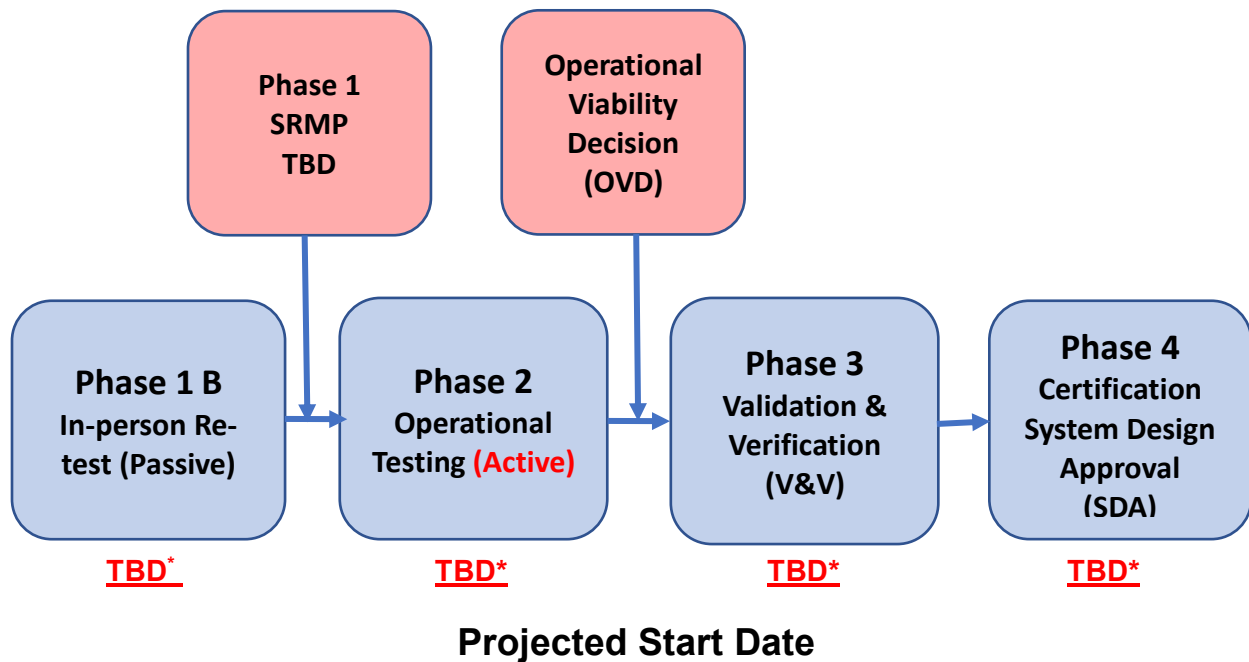
The effort, including the 4K demonstration by the vendor since the Stop Work Order, has been done without funding from NextGen. As the vendor is demonstrating positive movement toward meeting the requirements imposed by the FAA, it is my belief that they should receive funding to upgrade the system's cameras and displays to 4K and to continue to provide the SDA documentation. The FAA has continually moved the requirements' goal post after the system was installed in 2018 and received Site Acceptance Test (SAT). The requirements and the certification process were not published until the following year, 2019, and have changed substantially. This has put the vendor in the untenable position of chasing a moving target. While updated requirements based on experience gained during testing of both the Colorado Remote Tower Project at the Northern Colorado Regional Airport (FNL) and the remote tower system at the Leesburg Regional Airport (JYO) were promulgated, the FAA is refusing to provide additional funding to the vendor at FNL.

It is instructive to note that funding for the two projects differs substantially. In the case of the project at FNL, Colorado provided \$8.8 M in funding directly to the FAA while the Leesburg project did not bring funding to the FAA. However, the FAA continued to fund the project at JYO until the vendor decided not to complete the certification process, forcing the FAA to shut the remote tower down.

To be clear, the vendor has, in the past, been slow to respond to requests for the necessary documentation and system changes, which has contributed to the position we find ourselves in currently.

The vendor is demonstrating renewed commitment to the successful completion on the project, and we now need for the FAA to continue their support and willingness to make the Colorado Remote Tower Project a success. Given the failure of the Leesburg remote tower project, FNL has the only remote tower project currently being evaluated by the FAA. Our project is uniquely positioned to be successful as the FAA has indicated that the vendor can achieve SDA at FNL and not be required to go to the Tech Center.

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.

REMOTE TOWER PROJECT PROGRAM MANAGEMENT

Program Description/Background

The Program Manager for this project, William E. Payne, will serve as a technical subject matter expert to represent the Division's investment and interest in the Remote Tower and facilitate the project's forward progress to FAA certification and deployment. The Program Manager will participate in and assist with the development of all evaluation, testing, and certification activities, as well as attend all project meetings, and will serve as the technical representative for the Division of Aeronautics during all phases of the project as enumerated below.

Tasks:

1. Provide Technical Representation and Oversight of the Project

Effort this Period: Review test reports of 4K demonstration and meetings with FAA and the vendor.

2. Participate in Development of the FAA's Operational Safety Assessment (OSA) Basis for Evaluation of Non-Federal Remote Tower Equipment

Effort this Period: The OSA is still in draft form and is continuing to be developed as both remote tower projects proceed toward an Operational Viability Decision (OVD) and System Design Approval.

3. Participate in Development of the Operational Visual Requirements (OVR)

Effort this Period: The OVR Version 2.1 has been issued.

4. Participate in Development of the Requirements/Specifications for Non-Federal Tower Equipment

Effort this Period: Participated in the FAA TechOps review and comment on the Remote Tower Requirements Document and prepared comments on OVR 2.1.

5. Assist with Development of System Configuration

Effort this Period: The system configuration has been modified based on lessons learned during Phase 1. Installed 4K cameras and displays for demonstration the week of March 27, 2023.

6. Modify System Configuration Based on Testing Phase Comments

Effort this Period: Modifications to the runway end camera presets were necessary before Phase 1, including moving two of the pan-tilt-zoom cameras, one each to the end masts. Completed by Searidge.

7. Run Periodic Tests of the Remote Air Traffic Control Tower System During Periods of Evaluation/Testing Inactivity

Effort this Period: Demonstration testing week of March 27, 2023.

8. Attend System FAA Technical Interchange Meetings (TIM)

Effort this Period: Provided SME representation in the recent FAA discussion of OVR 2.1

9. Participate in FAA Configuration Review Board (CRB) Activities

Effort this Period: NextGen has yet to establish the CRB. This effort may be rolled into development of the Remote Tower AC.

10. Evaluate an Air Situation Display in Preparation for Testing Against Standard Terminal Automation Replacement System Radar Equipment (STARS)

Effort this Period: Evaluation of the Air Situation Display (ASD) based on data from the FAA's System Wide Information Management (SWIM) system was evaluated during the Phase 1 Period 1 testing. This system will be removed from the controller working position displays when the STARS become operational.

11. Collaborate with FAA on Alternate Phase 1 Virtual/Remote Testing

Effort this Period: Complete - Phase 1 in-person testing complete April 28, 2022.

12. Work with FAA to develop and Implement Phase 1 Passive Remote Tower Testing

Effort this Period: Phase 1 in-person testing complete April 28, 2022.

13. Work with FAA to Develop and Implement Phase 2 Active Remote Tower Testing

Effort this Period: There has been no activity on this task this period. Phase 2 Active Remote Tower Testing will begin after the conclusion of Phase 1 Passive Remote Tower testing and the SRMD has been signed.

14. Work with FAA and FNL on Phase 3 Industry-Led Initial Operational Capability (IOC)

Effort this Period: This task has been renamed Validation & Verification (V&V.) There has been no activity on this task this period. Phase 3 Active Remote Tower Testing will begin after Phase 2 Active Remote Tower testing is complete and the SRMD has been signed.

15. Work with FAA on Phase 4 Remote Tower System Certification and Commissioning

Effort this Period: There has been no activity on this task this period. Phase 4 System Design Approval and Commissioning will begin after the conclusion of Phase 3 V&V and the SRMD has been signed.

16. Participate in Development of the FAA's Advisory Circular (AC) for Remote Tower Systems for Non-Federal Applications

Effort this Period: Continue participation in the FAA TechOps TIM to review and comment on the Remote Tower Advisory Circular.

17. Provision of Regular Written Reports, Presentations and Updates on the Project's Progress to Internal and External Stakeholders

Effort this Period: Preparation of the monthly Program status report.

18. Travel as Needed (In-State and Out of State) for Meetings with FAA, Airport and Division Personnel

Effort this Period: No travel this period.

DEVELOPMENT OF POTENTIAL ENHANCED SITUATIONAL AWARENESS TOOLS FOR NON-TOWERED AIRPORTS

Tasks:

1. **Explore the Potential Development of a System Consisting of Existing and New Surveillance Sources that can be Deployed, Owned and Operated by Non-Towered Airports to Provide Airport Staff with Improved Visibility into the Local Airspace and on the Airport Surface, with the Ultimate Goal of Improving Aviation Safety and System Efficiency.**

Effort this Period: No activity this period.

2. **Prepare System Requirements to be Used by Airports and/or the Division when Seeking Vendor Proposals to Implement a Situational Awareness System.**

Effort this Period: No activity this period.

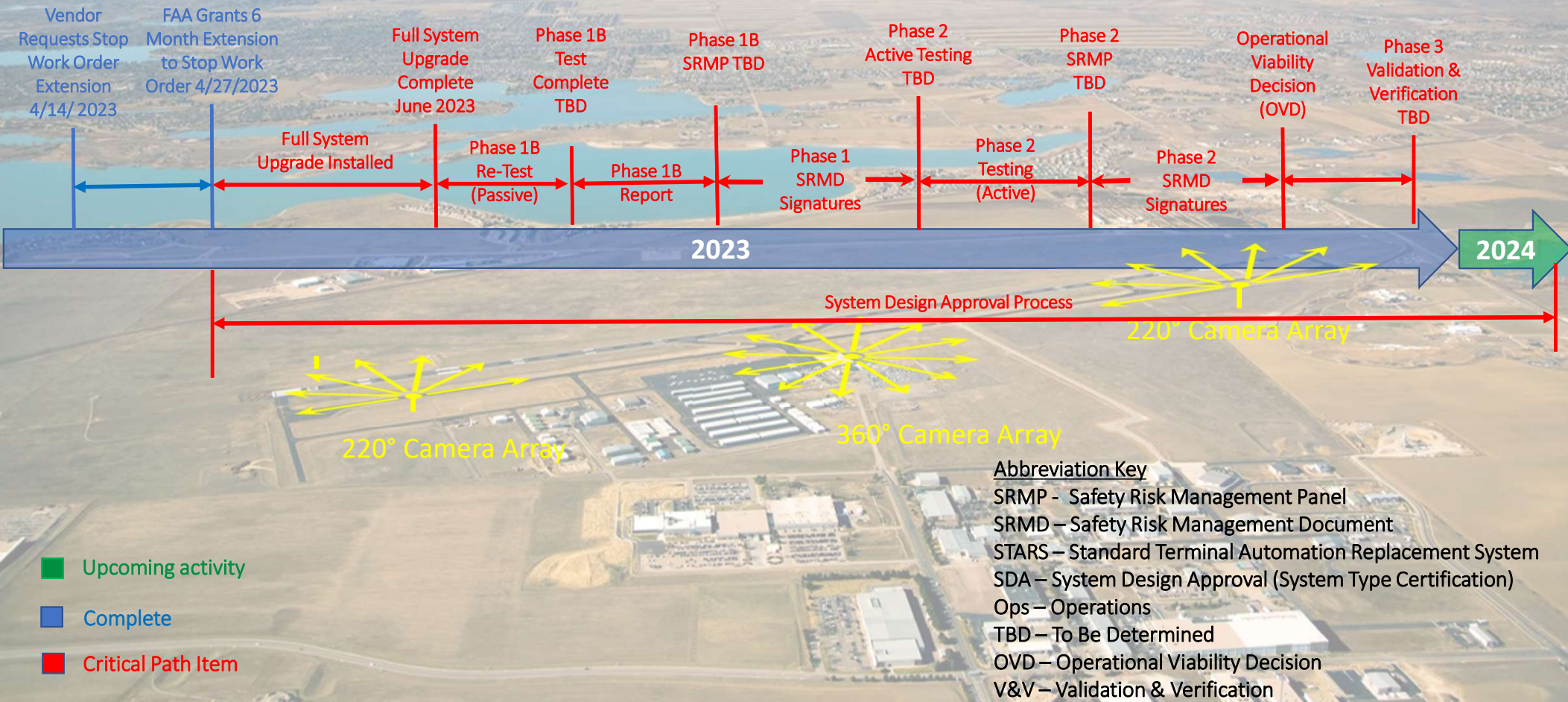
Glossary of Project Technical Acronyms

ADS-B	Automatic Dependent Surveillance – Broadcast
AGL	Above Ground Level
ARTCC	Air Route Traffic Control Center
ASDE-X	Airport Surface Detection Equipment – Model X
ASOS	Automatic Surface Observation System
ASR-9	Airport Surveillance Radar – Model 9
AWOS	Automatic Weather Observation System
ATC	Air Traffic Control
ATIS	Automatic Terminal Information System
AJT	Air Traffic Services
AJI	Safety Technical Training Services
AJV	Mission Support Policies and Procedures
CTAF	Common Traffic Advisory Frequency
ERAM	En Route Automation Modernization
FAA	Federal Aviation Administration
FAT	Factory Acceptance Test (alternately - First Article Test)
FDIO	Flight Data Input/Output
FTI	Federal Communications Infrastructure (Harris Corp.)
GA	General Aviation
HITL	Human In the Loop
HMI	Human Machine Interface
ILS	Instrument Landing System
IOC	Initial Operating Capability
IMC	Instrument Meteorological Condition
LOA	Letter of Agreement
MLAT	Multilateration
MSL	Mean Sea Level (above)
NAS	National Air Space
NATCA	National Air Traffic Controllers Association
NESG	NAS Enterprise Security Gateway
NextGen	Next Generation Air Transportation System
NORDO	No Radio
OTW	Out of the Window
OVD	Operational Viability Decision
RSA	Runway Safety Area
SAT	Site Acceptance Test
SDA	System Design Approval
SMR	Surface Movement Radar
SMS	Safety Management System
SRA	Safety Risk Assessment
SRMD	Safety Risk Management Document
SRMDM	Safety Risk Management Document Memorandum
SRMP	Safety Risk Management Panel
SHA	System Hazard Analysis
SSHA	Sub-System Hazard Analysis
STARS	Standard Terminal Automation Replacement System
SWIM	System Wide Information Management
TAMR	Terminal Automation Modernization and Replacement
TRACON	Terminal Radar Control Facility
UHF	Ultra High Frequency
VFR	Visual Flight Rules
VHF	Very High Frequency
VMC	Visual Meteorological Condition

ATTACHMENTS

1. FNL “Draft Graphic Remote Tower Timeline” as of June 30, 2023.
2. NextGen Demonstration Report.

Colorado Remote Tower Timeline (Draft)





FNL – March Demo

Scenario Report

Document Status:	Release
Version:	1.0
Issue date (DD-MM-YYYY):	10.04.2023
Author:	Janusz Gacek

Prepared by:
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Version	Author	Revision Date	Comments
0.1	Janusz Gacek	03.04.2023	First draft
1.0	JS Meloche	10.04.2023	Review & Release



Table of Contents

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Abbreviations

Term	Description
AA	Archiver Appliance
ATC	Air Traffic Control
ATCO	Air Traffic Control Operator
CDoT	Colorado Department of Transportation
CDR	Critical Design Review
CWP	Controller Working Position
EAVD	Searidge's Enhanced Airport Vision Display System
FAA	Federal Aviation Administration
FoV	Field of View
FPS	Frames Per Second
GMC	Ground Movement Controller
GUI	Graphical User Interface
HMI	Human-Machine Interface
KVM	Keyboard/Video/Mouse: used in the context of a KVM switch. The switch enables the use of one set of peripherals to connect to multiple computers or servers.
LAN	Local Area Network
Mbps	Megabits Per Second; a measure for network traffic
NATCA	National Air Traffic Controllers' Association
RWY	Runway
SAT	Site Acceptance Testing
SNMP	Simple Network Management Protocol
SRT	Searidge Technologies
ToO	Target of Opportunity
TWR	Tower
TWY	Taxiway
USB	Universal Serial Bus
RIA	Runway Incursion Alert
Recall	Archives' Playback Application
rTWR	Remote Tower

1 Introduction

This document summarizes Searidge Technologies' comments on the outputs of each scenario run during the demo of the Remote Tower System at Northern Colorado Regional Airport (IATA: FNL/ICAO: KFNL) on March 29.

1.1 Roles and Responsibilities

- **FAA Responsibilities:** The FAA was responsible for observing, evaluating, and maintaining the overall integrity of the Demo
- **SRT Responsibilities:** SRT was responsible for developing, conducting, providing overall operational support, and taking notes during the demo
- **CDoT responsibilities:** CDoT is a sponsor of the FNL rTWR system project
- **FNL Airport Management:** FNL Airport Management were responsible for serving as the representative for the airport
- **Serco Inc.:** Serco were responsible for providing air traffic services and two test participants at FNL during the demo
- **Ground Vehicles:** FNL provided an operations support pickup truck to be driven during the relevant scenarios
- **Aircraft:** Local flying school AIMS provided a Piper Archer to be flown by an instructor pilot during relevant scenarios

1.2 Demo Timeline

The demo was conducted on March 29. Scenarios 1 and 2 were repeated on March 30 in the presence of additional NATCA representatives.

1.3 Meeting minutes

SRT conducted the demo and took notes and remarks from all participants. A master copy of the scenarios will be created, and a scanned copy will be shared with all participants. An FAA report will also be produced by Katie Berry.

1.4 Staggered Testing

To avoid confirmation bias, the two test participants tested the system independently. ATCO #1 observed test Demo_03 to Demo_11 without the other ATCO being in the demo room. Then ATCO #2 observed test Demo_03 to Demo_11. Afterwards, ATCO #1 observed test Demo_01 to Demo_02 and then ATCO #2 observed test Demo_01 to Demo_02. The two ATCOs were not in the same room during the tests.

2 Test Participants

Test ID	Demo_01 (Scenario 1)	Location	
Requirements ID – Test Specs	V056		
Test Objective	To identify an object on runway, taxiway, runway safety area, or site-specific area		
Test Description	Runway has been closed for runway inspection. ATCO to check if runway is occupied		
Procedures		Expected Results	Pass / Fail / Comments
1	Controller takes a seat in front of the VW	Controller is sitting and can see the 4 VW monitors	
2	“Vehicle started runway inspection a couple of minutes ago. Please check if vehicle is still on the runway”	N/A	
3	Controller performs runway sweep to confirm that vehicle has vacated, and runway is not occupied	Controller detects vehicle on runway, taxiway, runway safety area, or site-specific area.	<ul style="list-style-type: none"> - Both controllers were able to detect and recognize the truck in motion in either side profile or head-on profile - Neither controller could detect the truck when parked at end of runway head-on to camera unless pointed out
4	Controller follows vehicle until it leaves coverage area of cameras	N/A	<ul style="list-style-type: none"> - Both controllers could easily follow and recognize truck as it returned towards terminal



FAA Demonstration Scripts - Report

Test ID		Demo_01 (Scenario 1)		Location		
5	END OF SCENARIO		N/A			
PASS / FAIL / NOT EXECUTED:			Conditional pass, snow on ground and white truck combined to diminish visual acuity when truck stationary			
Observations or Reason for Not Executed:						
Date and Time:						



Test ID	Demo_02 (Scenario 2)		Location	
Requirements ID – Test Specs	V057			
Test Objective	To identify an object on runway, taxiway, runway safety area, or site-specific area			
Test Description	Aircraft on final approach requests landing clearance. ATCO to check if runway is occupied			
Procedures		Expected Results		Pass / Fail / Comments
1	Controller takes a seat in front of the VW	Controller is sitting and can see the 4 VW monitors		
2	“An Aircraft is on final approach and requested clearance. Perform a sweep to see if clearance can be issued.”	N/A		
3	Controller performs runway sweep to confirm that clearance can be issued	Controller detects vehicle on runway, taxiway, runway safety area, or site-specific area.		<ul style="list-style-type: none"> - Both controllers were able to detect and recognize the truck in motion in either side profile or head-on profile - Neither controller could detect the truck when parked at end of runway safety area unless pointed out



FAA Demonstration Scripts - Report

Test ID		Demo_02 (Scenario 2)		Location		
4	END OF SCENARIO		N/A			
PASS / FAIL / NOT EXECUTED:			Conditional pass, snow on ground and white truck combined to diminish visual acuity when truck stationary			
Observations or Reason for Not Executed:						
Date and Time:						



Test ID		Demo_03 (Scenario 3)	Location
Requirements ID – Test Specs		V017, V066	
Test Objective		To identify an object (s) on runway, taxiway, runway safety area, or site-specific area	
Test Description		Aircraft is holding short of RWY 15, requests to line up, and requests take off clearance.	
Procedures		Expected Results	Pass / Fail / Comments
1	Controller takes a seat in front of the VW	Controller is sitting and can see the 4 VW monitors	
2	“Two Aircraft are lined up at the holding point at RWY 15. Aircraft #1 (Vehicle) is about to line up & Take off. Notify Aircraft #2 when it can be cleared for line up”	N/A	- Both controllers were immediately able to detect and recognize both the aircraft holding short on A5 and the truck driving on A3, and follow the truck as it approached A5.
4	Controller follows vehicle until it leaves coverage area of cameras	N/A	
5	END OF SCENARIO	N/A	



Test ID	Demo_03 (Scenario 3)	Location
PASS / FAIL / NOT EXECUTED:	Pass	
Observations or Reason for Not Executed:		
Scenario was slightly altered to have truck drive onto the runway via TWY A3 and drive north towards A5, with the aircraft taxiing via TWY A to A5 and holding there. This ensured an increased distance between the two vehicles and minimized the risk of a collision or runway incursion.		
Date and Time:		



FAA Demonstration Scripts - Report

Test ID	Demo_04 (Scenario 4)	Location	
Requirements ID – Test Specs	V001, V009, V011, V012, V013, V015, V016, V020, V028, V029		
Test Objective	To identify an object (s) on runway, taxiway, runway safety area, or site-specific area		
Test Description	ATCO performs a sweep and shares his observation		
Procedures		Expected Results	Pass / Fail / Comments
1	Controller takes a seat in front of the VW	Controller is sitting and can see the 4 VW monitors	
2	“Inform us about your observation”	N/A	
3	Controller performs runway sweep to make an observation	Controller detects aircraft on runway, taxiway, runway safety area, or site-specific area.	<ul style="list-style-type: none"> - Both controllers were easily able to follow the aircraft as it taxied down the runway and noted that it was visibly taxiing at lower than takeoff speed - Test Subject 2 explicitly stated they would have very quickly been on the radio to the pilot asking why they were going so slowly



FAA Demonstration Scripts - Report

Test ID	Demo_04 (Scenario 4)	Location	
4	Controller follows aircraft until it leaves coverage area of cameras	N/A	
5	END OF SCENARIO	N/A	
PASS / FAIL / NOT EXECUTED:		Pass	
Observations or Reason for Not Executed:			
Date and Time:			



FAA Demonstration Scripts - Report

Test ID	Demo_05 (Scenario 5)	Location	
Requirements ID – Test Specs	V051		
Test Objective	To observe take off, or rejected take off		
Test Description	ATCO performs a sweep and shares his observation		
Procedures		Expected Results	Pass / Fail / Comments
1	Controller takes a seat in front of the VW	Controller is sitting and can see the 4 VW monitors	
2	“Aircraft is lined up and has received take of clearance on RWY 15. Observe take off”	N/A	
3	Controller performs runway sweep.	Controller identifies aircraft at RWY end	<ul style="list-style-type: none"> - Both controllers were easily able to follow the aircraft as it taxied at high speed down the runway and eventually slowed down to exit the runway - Both pointed out specifically the point when they would have deemed the aircraft was aborting an takeoff



FAA Demonstration Scripts - Report

Test ID	Demo_05 (Scenario 5)	Location	
4	Controller follows aircraft until it leaves coverage area of cameras	N/A	
5	END OF SCENARIO	N/A	
PASS / FAIL / NOT EXECUTED:		Pass	
Observations or Reason for Not Executed:			
Date and Time:			



FAA Demonstration Scripts - Report

Test ID	Demo_06 (Scenario 6)		Location	
Requirements ID – Test Specs	V023, V025, V026, V043			
Test Objective	To observe take off, or rejected take off			
Test Description	ATCO performs a sweep and shares his observation			
Procedures		Expected Results	Pass / Fail / Comments	
1	Controller takes a seat in front of the VW	Controller is sitting and can see the 4 VW monitors		
2	“Aircraft is about to line up and has received take off clearance on RWY 15. Observe take off”	N/A		
3	Controller performs runway sweep.	Controller identifies aircraft at RWY end	<ul style="list-style-type: none"> - Both controllers were easily able to follow the aircraft as it performed its takeoff roll and rotated for takeoff 	
4	Controller follows aircraft until it leaves coverage area of cameras	N/A	<ul style="list-style-type: none"> - The aircraft could not reach sufficient altitude to be permitted to turn under flight school rules for the Piper Archer before leaving the FoV of the 4K cameras 	



FAA Demonstration Scripts - Report

Test ID	Demo_06 (Scenario 6)	Location	
5	END OF SCENARIO	N/A	
PASS / FAIL / NOT EXECUTED:		Pass	
Observations or Reason for Not Executed: On March 30, ToOs were present as aircraft were taking off to the north and their initial crosswind turns were clearly visible to the controllers on the video wall			
Date and Time:			



FAA Demonstration Scripts - Report

Test ID	Demo_07 (Scenario 7)		Location	
Requirements ID – Test Specs	V047, V076			
Test Objective	To detect airborne aircraft			
Test Description	ATCO performs a sweep and shares his observation			
Procedures		Expected Results		Pass / Fail / Comments
1	Controller sits Infront of VW, but with eyes closed	Controller is still seated from previous test		
2	Controller opens eyes and receives briefing	N/A		
3	“Aircraft is flying on the downwind leg, detect position.	N/A		
4	Controller performs air sweep.	Controller identifies aircraft on downwind leg		- Both controllers were able to immediately detect and recognize the aircraft as it entered the FoV of the 4K cameras on its downwind leg, and follow it until they were no longer able to see it, around 3 NM



FAA Demonstration Scripts - Report

Test ID		Demo_07 (Scenario 7)		Location	
5	Controller closes eyes	Controller is unaware of aircraft position			
6	Controller open eyes and receives briefing	N/A			
7	“Aircraft is on approach RWY 15 at 3NM at 1000ft, detect aircraft”	N/A			
8	Controller performs air sweep.	Controller identifies aircraft on downwind leg		<div>- Both controllers were able to conclusively detect and recognize the aircraft on approach at 2-2.5 NM from the mast</div> <div>- At 3 NM from the mast, the aircraft was intermittently visible</div>	
9	END OF SCENARIO	N/A			
PASS / FAIL / NOT EXECUTED:		Conditional pass			
Observations or Reason for Not Executed: The aircraft was intermittently visible at approximately 2.5-3 NM and further from the central mast, due to digital compression of the image by the camera. It was explained by SRT and agreed upon by FAA and NATCA representatives that this could be addressed and improved with further optimization of camera settings.					



FAA Demonstration Scripts - Report

Test ID	Demo_07 (Scenario 7)	Location	
Date and Time:			



Test ID	Demo_08 (Scenario 8)		Location	
Requirements ID – Test Specs	V053			
Test Objective	To detect airborne aircraft			
Test Description	ATCO performs a sweep and shares his observation			
Procedures		Expected Results	Pass / Fail / Comments	
1	Controller sits Infront of VW, but with eyes closed	Controller is still seated from previous test		
2	Controller open eyes and receives briefing	N/A		
3	“Aircraft is on final approach at 1NM, it has been cleared for landing. Observe landing”	N/A		
4	Controller performs air sweep.	Controller identifies aircraft on final approach	- Both controllers were able to detect the aircraft on approach at 1 NM from the central mast and follow it as it performed a low approach and went around	



FAA Demonstration Scripts - Report

Test ID	Demo_08 (Scenario 8)	Location	
5	Controller follows aircraft	N/A	
6	END OF SCENARIO	N/A	
PASS / FAIL / NOT EXECUTED:		Pass	
Observations or Reason for Not Executed:			
Date and Time:			



Test ID		Demo_9.1 (Scenario 9)	Location	
Requirements ID – Test Specs		V067, V068, V069, V070, V071, V072, V073, V074, V075		
Test Objective		To detect airborne aircraft		
Test Description		ATCO performs a sweep and shares his observation		
Procedures		Expected Results	Pass / Fail / Comments	
1	Controller moves to 151” position and observes aircraft in circuit	Controller is able to detect turns between the legs and legs itself	<ul style="list-style-type: none"> - Both controllers were easily able to follow the aircraft through its downwind leg in the standard circuit - Controllers could identify when the aircraft was making turns, which legs were involved in the turn, and observe the aircraft through the entirety of a turn - Aircraft was intermittently visible closer to 3 NM from the central mast 	



FAA Demonstration Scripts - Report

Test ID		Demo_9.1 (Scenario 9)		Location		
2	Controller observes movement until touch and go	Atco observes aircraft on final approach, touch & go			- Both controllers were easily able to follow the aircraft through its touch-&-go, remarking on when it touched down, when it accelerated again, and when it rotated for takeoff	
3	END OF SCENARIO	N/A				
PASS / FAIL / NOT EXECUTED:		Pass				
Observations or Reason for Not Executed:						
Date and Time:						



Test ID		Demo_9.2 (Scenario 9)	Location	
Requirements ID – Test Specs		V067, V068, V069, V070, V071, V072, V073, V074, V075		
Test Objective		To detect airborne aircraft		
Test Description		ATCO performs a sweep and shares his observation		
Procedures		Expected Results	Pass / Fail / Comments	
1	Controller moves to standard position and observes aircraft in circuit	Controller is able to detect turns between the legs and legs itself	<ul style="list-style-type: none"> - Both controllers were easily able to follow the aircraft through its downwind leg in the standard circuit - Aircraft was intermittently visible closer to 3 NM from the central mast 	
2	Controller observes movement until touch and go	Atco observes aircraft on final approach, touch & go	<ul style="list-style-type: none"> - Both controllers were easily able to follow the aircraft through its touch-&-go, remarking on when it touched down, when it accelerated again, and when it rotated for takeoff 	



Test ID		Demo_9.2 (Scenario 9)		Location		
3	END OF SCENARIO		N/A			
PASS / FAIL / NOT EXECUTED:			Pass			
Observations or Reason for Not Executed:						
Controller performance in this scenario was similar to 9.1, with results more limited by image compression at a distance						
Date and Time:						



Test ID		Demo_10 (Scenario 10)	Location	
Requirements ID – Test Specs		V018, V021		
Test Objective		To observe landing of an aircraft		
Test Description		ATCO performs a sweep and shares his observation		
Procedures		Expected Results	Pass / Fail / Comments	
1	Controller sits Infront of VW, and observes aircraft on approach	Controller observes aircraft on final approach	<ul style="list-style-type: none">- Both controllers were easily able to follow the aircraft through its downwind leg in the standard circuit- Aircraft was intermittently visible closer to 3 NM from the central mast	
2	Controller follows aircraft until it leaves coverage area of cameras	Aircraft is at terminal	<ul style="list-style-type: none">- Both controllers were easily able to follow the aircraft as it landed and taxied	
3	END OF SCENARIO	N/A		
PASS / FAIL / NOT EXECUTED:		PASS		



FAA Demonstration Scripts - Report

Test ID	Demo_10 (Scenario 10)	Location	
Observations or Reason for Not Executed:			
Date and Time:			

Test ID	Demo_11 (Scenario 11)	Location	
Requirements ID – Test Specs	V090		
Test Objective	To observe landmarks		
Test Description	ATCO performs a sweep and shares his observation		
Procedures		Expected Results	Pass / Fail / Comments
1	Controller sits in front of VW and observes VW	Controller is able to see landmarks	
2	Controller lists all landmarks he can detect	List of landmarks are noted down	<ul style="list-style-type: none"> - Both controllers were able to detect the church on the northern approach path and the mountains - A Budweiser plant was just out of the FoV of the 4K cameras



Test ID		Demo_11 (Scenario 11)		Location		
3	END OF SCENARIO		N/A			
PASS / FAIL / NOT EXECUTED:			Conditional pass			
Observations or Reason for Not Executed: Controllers asked for clarification from FAA-AJT representatives on whether or not the video wall would allow for an official visibility assessment, as regulations state that such an assessment has to be performed unaided and the video wall was digitally zoomed in. AJT representatives said they would confer with their teams to provide a more definitive regulatory answer.						
Date and Time:						

Conclusions

The 4K upgrade demonstrates a clear improvement in visual acuity and clarity when compared to the existing 1080p central-mast camera system. The controllers reported that in general, they could now see the end of the runway and beyond to the end of the runway safety area, whereas previously even the end of the runway was quite unclear. Additionally, they could now detect airplanes to longer distances and identify their turns and other movements at a longer distance. The majority of scenarios were clear passes, with the exception of 2 (recognizing a vehicle at the end of the runway safety area) and 7 (detecting an aircraft at 3 NM from the cameras).

The primary issues were twofold: airplanes and ground vehicles were difficult to track across stitch lines and screen bezels, and aircraft would be intermittently visible at greater distances, approaching 3 NM and further from the cameras. The first issue was largely due to non-optimized stitching and screen design, caused by the temporary and fast nature of the demo setup. In a full system, stitches would be placed in less distracting locations, and screens with smaller bezels would be chosen, ensuring that the depiction of airplanes and ground vehicles would be as continuous as possible. The second issue was affected by digital compression of the image by the cameras, and that can be further optimized as well with modifications to a variety of image processing and streaming parameters on the cameras themselves.

Shortcomings on Scenario 7 were caused by the digital compression issue mentioned above and by physical limitations on visual acuity, where the ability of a human being to detect and/or recognize an object at a certain distance is limited by how far the object is, how big the object is, the resolution and size of the screen they are using to view the object, and how far from that screen they have to be. Single-engine general-aviation aircraft are on the smaller end of the aircraft-size spectrum, and beyond a certain distance they simply cannot be represented with enough pixels on a screen to appear physically large enough to be seen by the human eye.

Shortcomings on Scenario 2 were caused by a combination of this visual acuity limit and the visually busy nature of that area of the airport, namely a mix of snow and dirt ground surfaces and busy vehicular traffic on public roads immediately behind the service road used by the airport truck during this scenario. It was acknowledged that the time of year and associated weather is a contributing factor to the issues in this scenario, and the controllers were still able to both detect and recognize the truck when it was in motion.

July ARFF Update!



Terminal Groundbreaking Ceremony - Northern Colorado Regional Airport

When

Thursday, July 13, 2023 from 10:00 AM to 11:00 AM MDT

[Add to Calendar](#)

Celebrate the groundbreaking of the Northern Colorado Regional Airport's Terminal project with regional leaders, airport staff, key stakeholders and more. Please RSVP by 5 p.m. July 11, 2023.

[Get more information](#)

Where

Northern Colorado Regional Airport Terminal
4825 Earhart Road
Loveland, CO 80538



[Driving Directions](#)

[Register Now!](#)

[I can't make it](#)

Airport:

- **Terminal Groundbreaking is this Thursday, July 13th!! Please join us for this long-awaited amazing moment!**
- Airport Commission meeting will be held on **July 20th, 3:30-5:00pm** at the Fire Station conference room
- **Please, please attend the commission meetings. As first responders, we need to keep apprised of things happening within our city.**

- Please see the www.flynoco.com website for all airport commission updates involving the upcoming terminal construction!

ARFF:

- Accreditation is complete! And proud to announce LFRA is once again accredited!!
- July ARFF training consists of Teams scenario studies of national incidents. Focus is on the leadership at the top, working with mutual aid companies, and affects at our regional airport.

***Scheduled Air-Carrier Flights for July:

- Know that NoCo Regional has an agreement with United Airlines and our airport is one of the locations for emergency diversions from Denver Int'l Airport in case of severe weather at Denver. An emergency diversion due to weather is handled like a regular standby, except the aircraft will get to our airport rather quickly, so our ARFF crews must get to the airport driving emergent. Per FAA Part 139 regulations, an ARFF apparatus must be staffed on airport property within 15 minutes prior to a commercial flight landing (with more than 30 persons on board). As ARFF certified members, it is our duty to confirm there is nothing actually wrong with the plane, it just needs to land at our airport and refuel, or wait until the storms in Denver pass.
- **7/20 - 10:55am - SunCountry Casino - live departure**
- **7/23 - 06:18am - Swift Air Charter - live arrival with 70+ passengers**
- **7/24 - 10:05am-10:50am - SunCountry Casino - live arrival and departure**

Have a great month!!!

Gina Gonzales

ARFF Lead Engineer

Loveland Fire Rescue Authority

LFRA Fire Station 4, Northern Colorado Regional Airport



970-568-6026 – business cell – for messages as well

gina.gonzales@lfra.org - email

www.lfra.org



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Northern Colorado Regional Airport kicks off new terminal construction project with groundbreaking ceremony

LOVELAND, Colo. – June 14, 2023 — The Cities of Loveland and Fort Collins, members of the Airport Commission, elected officials, and community members gathered at the Northern Colorado Regional Airport (FNL) for a groundbreaking ceremony to mark the beginning of construction on a new airport terminal.

The new 19,400-square-foot, LEED-certified terminal will provide a state-of-the-art facility for travelers. The building will house new ticketing counters, TSA security check points, a two-gate departure/arrival lounge, concessions, baggage claim, and rental car offices.

“The new terminal will provide greater options for air travel - with increased capacity, improved accessibility, better amenities, and greater sustainability - to elevate the airport experience while offering the same convenience and ease of access that our region deserves,” said Airport Commission Chair and Loveland Mayor Pro Tem Don Overcash. “This facility is an investment in our airport that only elevates its role as a major economic driver for the region.”

According to a 2020 Colorado Department of Transportation Division of Aeronautics study, the airport generates approximately \$296 million annually in economic impact and supports over 1,000 jobs.

Planning for the new terminal project began in 2020, shortly after the Airport was selected to receive \$16.8 million in federal funding through the CARES Act to be applied to critical infrastructure projects that would keep the economy healthy and people working. Federal funding comprises approximately \$21 million of the total budget, with \$2 million coming from Airport reserves and \$2 million coming from the Cities of Fort Collins and Loveland (\$1 million from each).

“Three decades after our first terminal was built, we are finally on a path to leverage federal funding along with local support in a way that will benefit our communities by providing a new gateway to Northern Colorado that will welcome visitors and reflect what the Cities of Loveland and Fort Collins desire in a premier multimodal transportation hub,” said Interim Airport Director David Ruppel.

“What this airport certainly is and can be in the future is a regional transit hub. That is without question. Looking ahead, it is clear to see that the time is now to elevate our passenger experience,” said Airport Commissioner and Fort Collins Mayor Jeni Arndt.

Three critical projects, the terminal, the remote air traffic control tower, and the runway widening projects are priorities from the airport's Master Plan that will support both general aviation and commercial aviation for years to come. All three projects are expected to be operational the next 2-3 years.

"The Cities, Colorado Department of Transportation and FAA have worked well together to get to this point. There will certainly be more challenges to overcome, but if we keep working together, we can accomplish great things," said Todd Minnich, Airport Engineer with the Federal Aviation Association's Denver Office. "Our main focus is safety – in the air, on the airfield, and at the construction site. We are looking forward to a safe and successful terminal project."

The Airport hired Dibble Engineering from Denver and VFLA Architects from Fort Collins in 2021 to partner on the design of the new facility. The design and design process incorporated several community feedback sessions. Construction is scheduled to begin on July 17 and completion anticipated in the Fall of 2024.

"We are thrilled for today's groundbreaking milestone. The new terminal will be a place where adventures begin, relationships reunite, people say goodbye and people say, "welcome home," said Chris Aronson, principle planner for VFLA Architects and Interiors." In collaboration with the Airport Commission, the design brings a sense of the Northern Colorado communities and is a gateway the region. It's a LEED Silver project that will maximize views to the mountains and provide a welcoming, family-friendly travel experience. We look forward to seeing it rise out of the ground and for the grand opening in the fall of 2024."

In recent decades, Northern Colorado has seen tremendous growth. Today, approximately 850,000 people live within 30 miles of the Airport. Thousands of people make the trip between Northern Colorado and Denver International Airport every day. Many of those people utilize the ground transportation options that operate at FNL, with convenient and affordable service provided by Groome Transportation and Landline in partnership with United Airlines. This new terminal will help the Airport attract and maintain commercial air service, which will get even more cars off I-25, helping to ease congestion and lower carbon emissions.

"I look forward to the day where we have the terminal, and other critical infrastructure like the remote tower or a physical equivalent and widened runway in place to best serve all airport users now and into the future," said Loveland Mayor Jacki Marsh.

Airport Facts

- Read more about the airport's history here: <https://terminal.flynoco.com/history/>
- 1963: FNL was established when the Federal Aviation Administration (FAA) provided the Cities of Fort Collins and Loveland a land grant to acquire approximately 1,000 acres of land for the purpose of building an airport to replace two separate, smaller general aviation airports in each

of the communities. The purpose was to encourage general aviation (private and corporate) and regional commuter air travel.

- 1989: The original terminal was constructed, before TSA security requirements and was sized to support one 9-19 passenger aircraft. Security now occupies half of the current terminal space and a temporary modular has been added for passenger comfort.
- Over the years, the airport has provided commercial services to a variety of destinations. We supported Continental and United Airlines service in the 80's and 90's. Allegiant Air brought passengers from northern Colorado and beyond to Las Vegas in the early 2000's. Elite Airways and Avelo Airlines connected passengers to many corners of the U.S. – all from northern Colorado.

About the Northern Colorado Regional Airport (FNL)

The Northern Colorado Regional Airport (FNL) serves as the premier destination for aviation centered business, research, development, education and training. The airport is conveniently located adjacent to Interstate 25 and US Highway 34 at 4825 Earhart Road, Loveland, CO 80538. flyfnl.com.

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What is Plan B?

Some Pilots Concerned About Tower Safety at The Northern Colorado Regional Airport

Remote Tower Certification Delayed Indefinitely; Mobile Tower Lacks Radar

By Jessica Schneider

Editor

The Loveland Voice

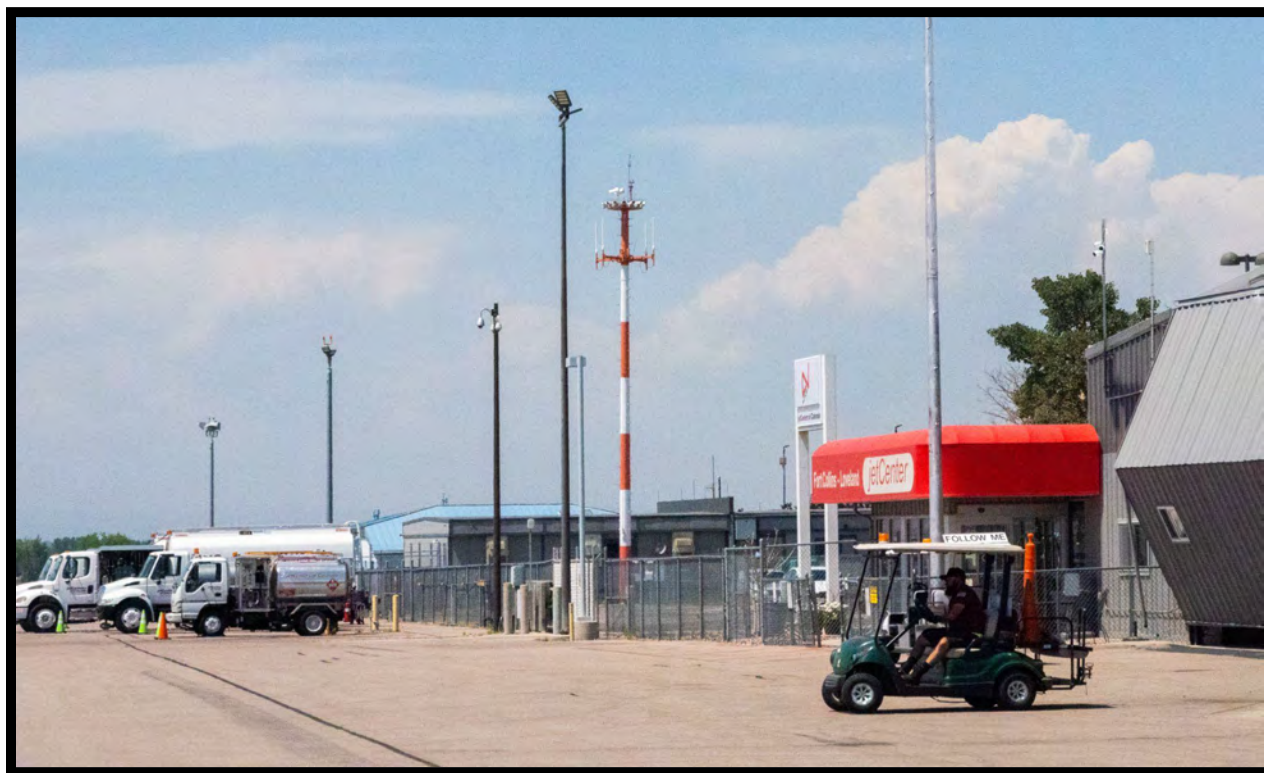
June 30, 2023

Between hangar evictions, spending decisions and the abrupt departure of the director, the Northern Colorado Regional Airport (FNL). has been the subject of local controversy in recent months.

The Loveland Voice is interviewing pilots and local leaders to understand the implications that recent decision making regarding FNL may have on the larger community. This is the first part of a multi-part series about those issues.

The Two Towers

The Northern Colorado Regional Airport (FNL/KFNL)* was the first test location for a virtual, or remote tower approved by the Federal Aviation Administration (FAA) in the nation. A second remote tower was later approved by the FAA in Leesburg, VA. But in February 2023, the FAA canceled the Leesburg remote tower program.



The remote tower at FNL, pictured in red and white stripes, is not in use at this time. The FAA has not provided a date for potential certification. Photo by [George Garklavs](#)

Today, the remote tower in Loveland is the only civilian (non-military structure) in the United States, and according to the FAA, “plans for certification and reopening of the remote tower in 2023 have been delayed due to COVID-19.”

In the meantime, and for more than two years, pilots flying in and out of FNL have been relying on direction from a mobile air traffic control location (colloquially known as the “horse trailer”) that, while staffed by proficient experts, isn’t equipped with what many pilots say they need: Radar.



The mobile tower, currently staffed by the FAA, at FNL. The unit is commonly referred to as, “the horse trailer.” It is not equipped with radar. Photo by George Garklavs.

The Impact of Holes in the Pilot Safety Net

Rick Turley, an aircraft owner and hangar tenant at FNL, told The Loveland Voice that he narrowly avoided a collision with another aircraft just last week, when his onboard Automatic Dependent Surveillance Broadcast (ADS-B) system unexpectedly failed.

“I was departing on my way to North Dakota from Fort Collins and had an ADS-B failure on my own plane,” Turley said. The failure, combined with a lack of radar and a “classic high wing, low-wing” problem resulted in a dangerous blindspot, and the two craft nearly collided.

Mike Fassi, a pilot flying out of FNL who provides air show security also expressed concern about the delay in certification of the remote tower and the lack of a plan in the interim.

“I would like to see the FAA finally get it together and decide if we’re going to keep the virtual (remote) tower or move on to something else,” said Mike Fassi, a pilot who also provides Air Show security at FNL.

“As a pilot, I think it would be a lot safer if we knew what we were dealing with... I think every other pilot feels the same way.”

Loveland City Council Approves Terminal Despite Tower Concerns

On June 6th, Loveland City Council approved contracts for \$25 million to build a new terminal at FNL, despite feedback from the public during comment and Mayor Jacki Marsh, who expressed that an air traffic tower with radar would be a wiser investment of federal funds.

Loveland City Manager Steve Adams responded to concerns from local aviation experts and the Mayor about safety, saying.

“... That facility is certified by the FAA. It is manned by certified FAA flight controllers. So, as far as I’m concerned, that’s safe. Now, when you talk about a gap in safety, everyone would like to have the latest gizmos, but the fact of the matter is that pilots fly on sight. Pilots fly by looking around. And they see what’s around. So from my perspective, they’re doing their job.”

- Loveland City Manager Steve Adams, June 6, 2023, City Council Meeting, in Reference to Northern Colorado Regional Airport (04:08;08)

Airport Commission Chair Don Overcash, a Loveland City Councilor, says he trusts the leadership of the FAA in regard to safety. He, and other local leaders say they are excited for the potential of FNL to become a regional transportation hub.

When asked if he had heard of any “near-misses” between aircraft at FNL in recent months, Overcash replied, “Air safety is a very important issue and the FAA is responsible for that. The FAA is on site. I know some people have come to City Council meetings and said things, and I’ve checked with staff. Sometimes people say things that aren’t quite accurate.”

Leaders and pilots differ on whether a safer air traffic control tower or a terminal should come first.

Mark Coan, general aviation pilot and commercial airline captain at FNL, says, “(The terminal) is a bridge to nowhere”

Coan is a veteran who served in multiple capacities in the military, including in the role of Interim Accident Investigation Board President (AIB) president.

“The first time you have an accident involving an airplane with 20-30 passengers on it, the National Transportation Safety Board is going to come in. Their first question is going to be, ‘Why haven’t we built a normal tower?’”

“Centennial (CO) did,” says Coan. “Why are we building a terminal with no airline? Five airlines have left in the past ten years... Allegiant pulled out because there is no control tower. If you want to build it (a terminal) you need to put in a control tower.”

A student in flight school at FNL who requested anonymity said, “In all reality they can build as much of a terminal that they want, but the airport is only so big, and they are building around it. There are more risks when you mix general aviation with commercial flights. To be a true Delta airspace like Centennial, I think you would need a manned tower with radar. Not a virtual tower, or a mobile tower.”

“I think the flight schools would have something to say about moving to a more commercial mode as well,” he added.

##

This is Part I of a multi-part series exploring how issues impacting FNL and the northern Colorado aviation industry are impacting residents in Loveland and Fort Collins. Follow [The Loveland Voice on Facebook](#) for updates.

*FNL is jointly owned by the Cities of Loveland and Fort Collins, and governed by an Airport Commission, chaired by Loveland City Councilman Don Overcash.



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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

ITEM NUMBER: 5

MEETING DATE: July 20, 2023

PREPARED BY: Francis Robbins, Airport Operations & Maintenance Manager

TITLE

Lease Extension Request, 5249 Northrop

RECOMMENDED AIRPORT COMMISSION ACTION

Approve the lease extension request.

BUDGET IMPACT

None, the lease rates will remain unchanged.

SUMMARY

This is an administrative item. The Airport's standard land lease terms are an initial twenty-five-year lease with three five-year extension options for a total of forty years. The Airport was notified (as required by the lease agreement) that the lessee desires to exercise their option to extend the land lease agreement for their second five-year extension period. This extension request requires the approval of the Airport Commission as authorized by the Intergovernmental Agreement between the Cities of Fort Collins and Loveland. Staff have reviewed the request and found the associated account to be in good standing.





NORTHERN COLORADO REGIONAL AIRPORT

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ITEM NUMBER: 6

MEETING DATE: July 20, 2023

PREPARED BY: David Ruppel, Airport Director

TITLE

Lease Option Extension Request, 5233 Stearman

RECOMMENDED AIRPORT COMMISSION ACTION

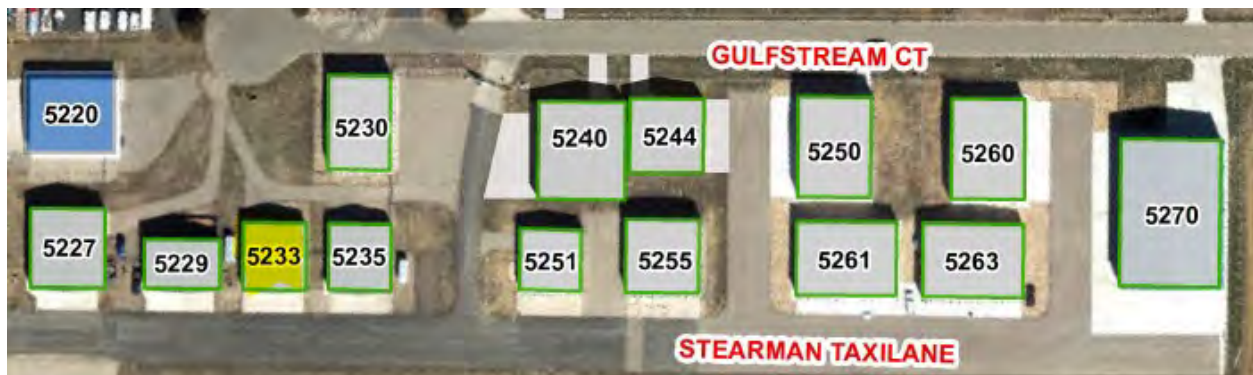
Approve the lease extension request.

BUDGET IMPACT

None, the lease rates will remain unchanged.

SUMMARY

This is an administrative item. The Airport's standard land lease terms are an initial twenty-five-year lease with three five-year extension options for a total of forty years. The Airport was notified (as required by the lease agreement) that the lessee desires to exercise their option to extend the land lease agreement for their first five-year extension period. This extension request requires the approval of the Airport Commission as authorized by the Intergovernmental Agreement between the Cities of Fort Collins and Loveland. Staff have reviewed the request and found the associated account to be in good standing.





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ITEM NUMBER: 7

MEETING DATE: July 20, 2023

PREPARED BY: Aaron Ehle, Airport Planning & Development

TITLE

Land Lease Agreement – 5271 Beechcraft St

RECOMMENDED AIRPORT COMMISSION ACTION

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

BUDGET IMPACT

Positive: the lease will generate \$1,899.15 in revenue during the first year and will be adjusted annually for inflation.

SUMMARY

This is an administrative item. The approval of land lease agreements of a term of over ten (10) years requires the approval of the Airport Commission. The proposed lease is being presented in accordance with all adopted Airport policies including the current standard land lease agreement and land lease rates.

The Airport recently issued a request for proposals (RFP) for an infill lot between two existing box hangars. One response to the RFP was received. The developer, Stephen Lesondak, is proposing to construct a 67' X 50' = 3,350 square foot hangar in an infill lot between two existing box hangars. The hangar will have a 12' tall door.

Due to the proximity of the neighboring hangars, a group II hangar will be required to comply with current fire code. This means the hangar will have three-hour fire rated exterior walls and a sprinkler fire suppression system. A restroom will be included to comply with building code requirements.

This will be a standard 40-year lease (25-year initial term with three 5-year extensions) at the improved rate of \$0.464 per square foot. The land lease of approximately 4,093 square feet will generate \$1,899.15 of revenue annually.

The proposal has been vetted by staff for compliance Airport Land Use and Design Standards and alignment with the Airport Master Plan. It has been reviewed by the

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

Site Overview



ATTACHMENTS

Hangar Ground Lease Agreement

**HANGAR GROUND LEASE AGREEMENT
5271 BEEHCRAFT STREET**

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

**DATED
JULY 20, 2023**

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EXHIBIT A, Description of Leased Premises

EXHIBIT B, Building Elevations

LEASE AGREEMENT

THIS HANGAR GROUND LEASE AGREEMENT, made and entered into this 20TH day of July 2023, 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 Plane Barn LLC, hereinafter called “**Lessee**.”

WITNESSETH:

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

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

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

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

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

ARTICLE 1: TERM; OPTIONS; RIGHT OF FIRST REFUSAL

1.1 The initial term of this Agreement shall commence at 12:01 a.m. on August 1, 2023, and expire at 11:59 p.m. on July 31, 2048, a duration of twenty-five (25) years, hereinafter the “**Initial Term**,” unless sooner terminated in accordance with the provisions hereof.

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

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

not limited to the “grant assurances” to the FAA ; then the Cities may, in their sole discretion, offer Lessee a new lease of the Leased Premises, under such terms and conditions, including rental rates and duration of the lease term and on the then-current lease form being offered by the Cities.

ARTICLE 2: LEASED PREMISES

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

ARTICLE 3: USE OF LEASED PREMISES

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

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

3.1.2 The Cities make no representations, guarantees, or warranties that the Leased Premises may be lawfully used for the purposes set forth in this Section 3.1. Lessee shall have the sole responsibility of obtaining all applicable permits or other governmental approvals necessary to construct and use the Leased Premises as intended herein. This Agreement is expressly conditioned upon Lessee obtaining all such permits and approvals, and the failure of Lessee to obtain any such permits or approvals within eighteen (18) months of the commencement date set forth in Section 1.1, herein, or the failure of Lessee to maintain any such permits or approvals during the term of this Agreement shall result in termination of this Agreement pursuant to Article 18, generally, and to Section 18.9 specifically.

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

ARTICLE 4: RENT

4.1 Lessee agrees to pay to the Cities during the Initial Term an annual rent of \$0.464 per square foot for the 4,093 square feet of the Leased Premises including the building footprint, ramp, and area surrounding the building footprint, as set forth in Exhibit A, for a total of \$1,899.15 per year, subject to adjustment pursuant to Section 4.2. Notwithstanding the foregoing, and in recognition of the fact that it may take Lessee a period of time to construct the Hangars described in Paragraph 4.4, Lessee's rent payment for the first three months of the first year of this Agreement and excluding any Extended Term shall be waived. If Lessee exercises any option to extend the term of this Agreement under Section 1.2, annual rent per square foot for the first year of such Extended Term shall be the greater of (a) the rent determined under Section 4.2, as if the Initial Term had continued throughout such Extended Term, or (b) the then current market rates for hangar ground leases at comparable airports in the Front Range area, which shall be deemed to include the Denver Metro Area north through Cheyenne. Cities and Lessee agree to use their best efforts to agree on then current market rates, and execute a Lease Extension Agreement, within ninety (90) days after Lessee's written notice of election is received by the Cities. If the Cities and Lessee cannot agree upon the rental rates, the parties agree to submit to mediation before the Judicial Arbiter Group of Denver, Colorado, or if it no longer exists a similar organization, to determine the rent to be paid by Lessee for the first year of the ensuing Extended Term; provided, however, that such rent shall never be lower than the rental which would be due by application of subsection (a), above. The parties will each pay fifty percent (50%) of the mediator cost.

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

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

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

4.4 Lessee, as additional rent, shall complete construction of Hangars and related Improvements on the Leased Premises, in accordance with plans and specifications approved by the Cities.

The Hangars shall, collectively, be at least a total of 3,000 square feet in size and shall have a concrete or asphalt floor, with each Hangar to have at least one aircraft access door sized to accommodate an average private aircraft. Lessee shall use commercially reasonable and diligent efforts to complete construction of the Hangars and other such Improvements within the earlier of eighteen (18) months of the Cities' approval thereof or within two years from the date of this Agreement. If Lessee fails to construct the Hangars and other such Improvements in accordance with the provisions of this section, and such failure to construct is caused by force majeure or improper action of the Cities, then this Agreement may be cancelled by Lessee upon thirty (30) days' notice to the Cities, in which event and as of the date of such cancellation, Lessee shall be released from any further obligations under this Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6: ADDITIONAL OBLIGATIONS OF LESSEE

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

6.2 Further, Lessee shall take all reasonable measures:

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 7: INGRESS AND EGRESS

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

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

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

ARTICLE 8: INSURANCE, DAMAGE OR DESTRUCTION

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 9: LIABILITIES AND INDEMNITIES

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

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

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

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

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

ARTICLE 10: LEASEHOLD MORTGAGES

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

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

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

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

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

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

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

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

ARTICLE 11: RULES AND REGULATIONS

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

ARTICLE 12: SIGNS

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

ARTICLE 13: ASSIGNMENT AND SUBLEASE

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

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

ARTICLE 14: CONDEMNATION

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

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

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

ARTICLE 15: NON-DISCRIMINATION

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

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

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

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

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

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

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

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

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

ARTICLE 16: GOVERNMENTAL REQUIREMENTS

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

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

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

ARTICLE 17: RIGHTS OF ENTRY RESERVED

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

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

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

ARTICLE 18: TERMINATION

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

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

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

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

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

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

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

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

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

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

18.7 This Lease will terminate at the option of Lessee:

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

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

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

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

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

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

ARTICLE 19: SURRENDER AND RIGHT OF RE-ENTRY

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

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

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

ARTICLE 20: SERVICES TO LESSEE

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

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

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

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

ARTICLE 21: SURVIVAL OF THE OBLIGATIONS OF LESSEE

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

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

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

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

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

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

ARTICLE 22: USE SUBSEQUENT TO CANCELLATION OR TERMINATION

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

ARTICLE 23: NOTICES

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

23.2 The notice addresses of the parties are as follows:

To the Cities:

Northern Colorado Regional Airport Commission
Attn: Airport 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: Plane Barn LLC
Attn: Stephen Lesondak
6204 Jackpine Dr
Bellvue, CO 80512
Email Address: lesondak@msn.com

ARTICLE 24: INVALID PROVISIONS

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

ARTICLE 25: MISCELLANEOUS PROVISIONS

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

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

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

25.3.1 The documents that then comprise this Agreement,

25.3.2 That this Agreement is in full force and effect,

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

25.3.4 The expiration date of this Agreement,

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

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

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

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

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

25.5 General Provisions.

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

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

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

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

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

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

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

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

25.5.9 The time within which either party hereto shall be required to perform any act under this Agreement, other than the payment of money, shall be extended by a period equal to the

number of days during which performance of such act is delayed unavoidably by strikes, lockouts, acts of God, governmental restrictions, failure or inability to secure materials or labor by reason of or similar regulation or order of any governmental or regulatory body, war, enemy action, acts of terrorism, civil disturbance, fire, unavoidable casualties, or any similar occurrence.

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

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

ARTICLE 26: SUBORDINATION CLAUSES

26.1 This Agreement is subject and subordinate to the following:

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

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

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

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

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

ARTICLE 27: QUIET ENJOYMENT

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

ARTICLE 28: ENTIRE AGREEMENT

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

ARTICLE 29: TITLE TO IMPROVEMENTS UPON TERMINATION

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

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

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

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

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

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

29.2 In the event that Lessee fails to give written notice to the Cities of its election to remove Improvements within the time periods and as otherwise provided in Section 29.1 above, then Cities and Lessee agree that in consideration of Lessee's use of the Airport for construction and operation of the Improvements, the Improvements and all additions and appurtenances thereto shall become the property of and title shall automatically vest in the Cities upon expiration, cancellation or termination of this Agreement, without payment of additional consideration by the City, and free and clear of all liens and encumbrances. Lessee agrees to execute all documents and take such reasonable actions, if any, as may be necessary to confirm the transfer of title to the Improvements to the Cities.

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

ARTICLE 30: RIGHT OF FIRST REFUSAL

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

ARTICLE 31: REQUIREMENTS FOR CONDOMINIUMIZATION

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

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

LESSOR:

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

Northern Colorado Regional Airport Commission

Date

ATTEST:


Secretary

APPROVED AS TO FORM:

Assistant City Attorney
for Northern Colorado Regional Airport Commission

LESSEE:

PLANE BARN LLC


[Steve Lesondak \(Jul 18, 2023 14:51 MDT\)](#)

Stephen Lesondak, Member

Jul 18, 2023

Date

EXHIBIT A

PROPERTY DESCRIPTION

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

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

THENCE South 00°24'38" East along the East line of said NE1/4 a distance of 1169.40 feet;
THENCE South 89°35'22" West a distance of 624.82 feet to the Southeast corner of an Existing Hanger Site (1) and to the **POINT OF BEGINNING**;

THENCE North 20°01'17" West along the Easterly line of said Existing Hanger Site (1) a distance of 50.01 feet to the Northerly line of said Lot 1 and to the South Right of Way line of Cessna Drive;

THENCE North 70°08'06" East along the South Right of Way line of said Cessna Drive a distance of 81.90 feet to the Westerly line of an Existing Hanger Site (2) extended Northwesterly to the South Right of Way line of said Cessna Drive;

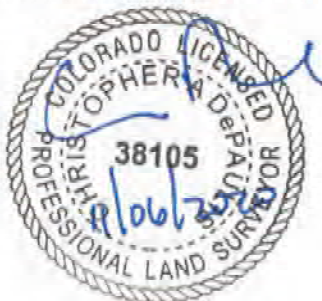
THENCE South 19°51'54" East along Westerly line of said Existing Hanger Site (2) a distance of 50.01 feet;

THENCE South 70°08'06" West a distance of 81.75 feet to the **POINT OF BEGINNING**.

Said described parcel of land contains 4,093 Square Feet or 0.094 Acre, more or less (±), and is subject to any rights-of-way or other easements of record or as now existing on said described parcel of land.

SURVEYORS STATEMENT

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



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

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

NORTHEAST CORNER
SECTION 33, T.6N., R.68W.
FOUND 2" PIPE WITH
3" BRASS CAP LS 13446
POINT OF COMMENCEMENT

TRACT B
BARNSTORM
SECOND ADDITION

CESSNA DRIVE

N70°08'06"E
81.90'

PROPOSED HANGER SITE
5271 BEEHCRAFT STREET
4,093 SQ.FT.
0.094 ACRE

S19°51'54"E
50.01'

EXISTING
HANGER SITE
(2)

EXISTING
HANGER SITE
(1)

N20°00'17"W
50.01'

S70°08'06"W
81.78'

POINT OF
BEGINNING

S89°35'22"W
624.82'

BEEHCRAFT STREET

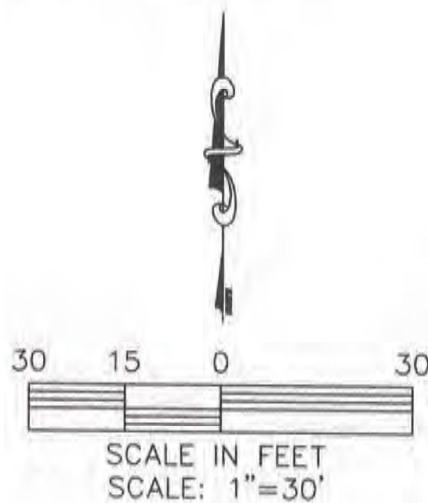
LOT 1, BLOCK 1
AMENDED PLAT OF LOTS 1 THROUGH 15,
BARNSTORM SECOND ADDITION

1169.40'

(BASIS OF BEARINGS) S00°24'38"E 2599.42'



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



EAST QUARTER CORNER
SECTION 33, T.6N., R.68W.
FOUND #6 REBAR WITH
2" ALUMINUM CAP LS 11989

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

NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon. (13-80-105 C.R.S. 2012)



KING SURVEYORS

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

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

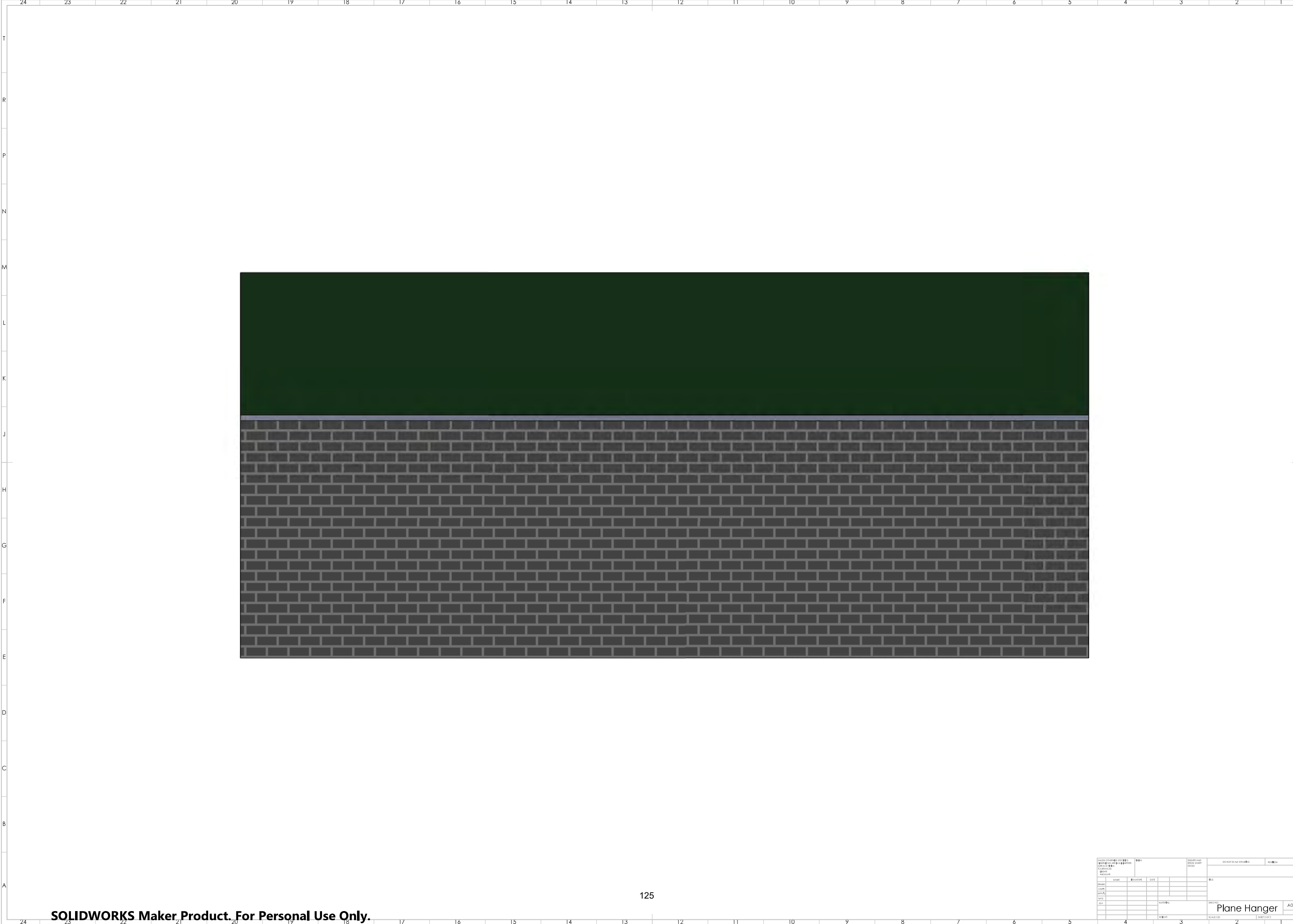
124

SOLIDWORKS Maker Product. For Personal Use Only.

Plane Hanger

SCALE: 1:1

SHEET 1 OF 2









Hangar Ground Lease Agreement 5271 Beechraft

Final Audit Report

2023-07-18

Created:	2023-07-18
By:	Aaron Ehle (Aaron.Ehle@cityofloveland.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAALUz9AwBTs3-CMIMpmCbEXjIT9hAGOpKz

"Hangar Ground Lease Agreement 5271 Beechraft" History

-  Document created by Aaron Ehle (Aaron.Ehle@cityofloveland.org)
2023-07-18 - 4:00:59 PM GMT- IP address: 129.19.3.7
-  Document emailed to lesondak@msn.com for signature
2023-07-18 - 4:02:49 PM GMT
-  Email viewed by lesondak@msn.com
2023-07-18 - 8:48:54 PM GMT- IP address: 172.59.226.104
-  Signer lesondak@msn.com entered name at signing as Steve Lesondak
2023-07-18 - 8:51:02 PM GMT- IP address: 172.59.226.104
-  Document e-signed by Steve Lesondak (lesondak@msn.com)
Signature Date: 2023-07-18 - 8:51:04 PM GMT - Time Source: server- IP address: 172.59.226.104
-  Agreement completed.
2023-07-18 - 8:51:04 PM GMT



NORTHERN COLORADO REGIONAL AIRPORT

4900 Earhart Rd • Loveland, Colorado 80538

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

ITEM NUMBER: 8

MEETING DATE: July 20, 2023

PREPARED BY: Aaron Ehle, Airport Planning & Development Specialist

TITLE

PDSC Member Reappointment

RECOMMENDED AIRPORT COMMISSION ACTION

Make a motion to approve Resolution R-07-2023 reappointing Tom Fleming to the Planning & Development Subcommittee (PDSC)

BUDGET IMPACT

Neutral

SUMMARY

The Planning & Development Subcommittee (PDSC) serves in an advisory role to the Airport Commission. The group consists of Airport staff, staff from both Cities, citizen members, and a representative of the FNL Pilots Association.

Since the PDSC was formed, Tom Fleming has served as a citizen member in addition to serving as a citizen member on the Airport Commission. Although Mr. Fleming will not longer serve on the Airport Commission, he has been asked, and has agreed to continue to serve on the PDSC pursuant to the PDSC Charter.

Mr. Fleming is a retired Brigadier General with the U.S. Air Force. He has been instrumental in the Airport's success as Vice Chair of the Airport Commission. He has a deep understanding of the challenges and opportunities at Northern Colorado Regional Airport and possesses a wealth of strategic planning and leadership experience.

ATTACHMENT

Resolution #R-07-2023

Amended PDSC Charter 9-19-2019

RESOLUTION #R-07-2023

A RESOLUTION AFFIRMING TOM FLEMING’S APPOINTMENT TO THE NORTHERN COLORADO REGIONAL AIRPORT COMMISSION PLANNING AND DEVELOPMENT SUBCOMMITTEE

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

WHEREAS, pursuant to and consistent with the 2015 IGA, the Commission, with the approval of the Loveland City Council and Fort Collins City Council (jointly, the “Councils”), adopted bylaws (“Bylaws”) governing the responsibilities of the Commission; and

WHEREAS, the Bylaws were amended in 2016 to permit the Commission to form subcommittees and work groups to assist the Commission with research and recommendations related to the Commission’s purpose; and

WHEREAS, on January 18, 2018, the Commission approved the formation of the Planning and Development Subcommittee (“PDSC”) with six initial members. On April 19, 2018, the Commission appointed Steve Wolf as a seventh member of the PDSC for an initial term of one (1) year; and

WHEREAS, Tom Fleming has served on the Commission and the PDSC for many years and his service and contributions to the Northern Colorado Regional Airport are appreciated by the Commission and although Mr. Fleming will no longer serve on the Commission after July 18, 2023 due to an appointment of a new Fort Collins citizen member in his place, the Commission desires Mr. Fleming to continue serving on the PDSC pursuant to the PDSC Charter; and

WHEREAS, the Commission also confirms that at this time, no Commission member needs to fill a position on the PDSC.

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

Section 1. That Tom Fleming is hereby affirmed as a member of the Northern Colorado Regional Airport Commission Planning and Development Subcommittee (“PDSC”) to serve at the pleasure of the Commission.

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

ADOPTED this 20th day of July, 2023.

Don Overcash, Chair of the
Northern Colorado Regional Airport Commission

ATTEST:

Secretary

APPROVED AS TO FORM:


Senior Assistant City Attorney

Northern Colorado Regional Airport Planning and Development Subcommittee Subcommittee Charter: Amended 9/19/2019

Purpose

The Planning and Development Subcommittee (PDSC) has been formed by the Northern Colorado Regional Airport Commission as a subcommittee pursuant to Section 12 of the Commission Bylaws to facilitate strategic planning for the airport and its immediate surroundings. It includes the following major objectives:

- i. To support the development of an updated Strategic Plan and the Airport Master Plan;
- ii. to provide ongoing support and input on specific plans and proposals for the development of Airport land; and
- iii. to provide input on other business development efforts as appropriate.

The PDSC serves only in an advisory role to the Airport Commission, and may provide recommendations to the Commission as the committee deems appropriate or as requested by the Commission. The PDSC has no authority to take any formal action or to direct the expenditure of funds or resources.

Members

Initial membership of the PDSC will consist of the following individuals:

- Thomas Fleming, Airport Commission Vice-Chair
- Jason Licon, Airport Director (PDSC Chair)
- Aaron Ehle, Airport Business Development & Planning Specialist
- Diane Jones, The Formation Group
- Mike Scholl, City of Loveland Economic Development Manager
- Josh Birks, City of Fort Collins Department of Economic Health Director
- James Hays, FNL Pilots Association President
- Robert Middleton, At Large

Membership may change over time; however, it is anticipated that the number of members involved at any given time will remain approximately the same. Other individuals may be asked to take part in the PDSC from time to time in an ad-hoc, advisory role as needed. Formal Commission approval is not required for amended membership.

Because of the breadth of the PDSC's charter, it may be necessary or appropriate to form other subcommittees from time to time to address related topics. If directly related to the purpose of the PDSC, then the PDSC may form the subcommittee and advise the Commission. If the scope is unrelated to or exceeds the PDSC's charter, then the PDSC will submit the proposal to the Commission for consideration and approval as appropriate.

Duration

The duration of the PDSC will be determined by need for support on current and future Airport planning and development projects. However, the Commission, at its sole direction, may dissolve or alter the focus of the PDSC to best serve the Airport's interests.



NORTHERN COLORADO REGIONAL AIRPORT

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ITEM NUMBER: 9

MEETING DATE: July 20, 2023

PREPARED BY: Aaron Ehle, Airport Planning & Development Specialist

TITLE

Airport Tax Report

RECOMMENDED AIRPORT COMMISSION ACTION

Informational

BUDGET IMPACT

Neutral

SUMMARY

At the June 15th Airport Commission Meeting, Mayor Arnd requested information on property and sales tax collected at the Airport and which entities receive it. Staff has compiled the following Data.

Sales Tax: The City of Loveland does not provide sales tax data on specific businesses or small groups of businesses in order to protect proprietary sales data of the businesses. The City does report sales tax data based on geographical areas. One of these areas is classified as “Airport” and it contains 25 businesses that generated \$1,271,496 in sales tax revenue in 2022. This geographical area encompasses an area that extends beyond the boundary of the Airport and includes all of the adjacent Centre Point Business Park. Of the 25 businesses in this area, only three are on Airport Property. This means that on-Airport businesses only account for a small portion of the \$1.27 million that was collected in 2022. The sales tax generated at the Airport and in the Airport geographical area goes into the City of Loveland general fund.

Property Tax: Based on 2021 data, \$118,871.52 was collected in property tax revenue from Airport property. Larimer County retained \$83,183.43 and the City of Loveland retained \$35,688.09.

Fuel Tax: In 2022 the Airport collected \$405,588 in fuel flowage fees. The Airport also received \$193,644 from state aircraft fuel tax rebates. These funds go directly into the Airport’s enterprise fund. The rebated sales tax accounts for 65% of the sales tax

generated by the State of Colorado. The remaining 35% is used by CDOT Division of Aeronautics for Airport State Grant program.

ATTACHMENT

City of Loveland Sales Tax Report with Maps

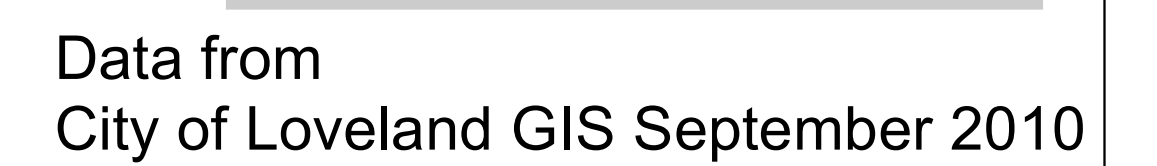
CITY OF LOVELAND
SALES TAX COLLECTED: CASH BASIS
DECEMBER 2022

YEAR-TO-DATE COMPARISON

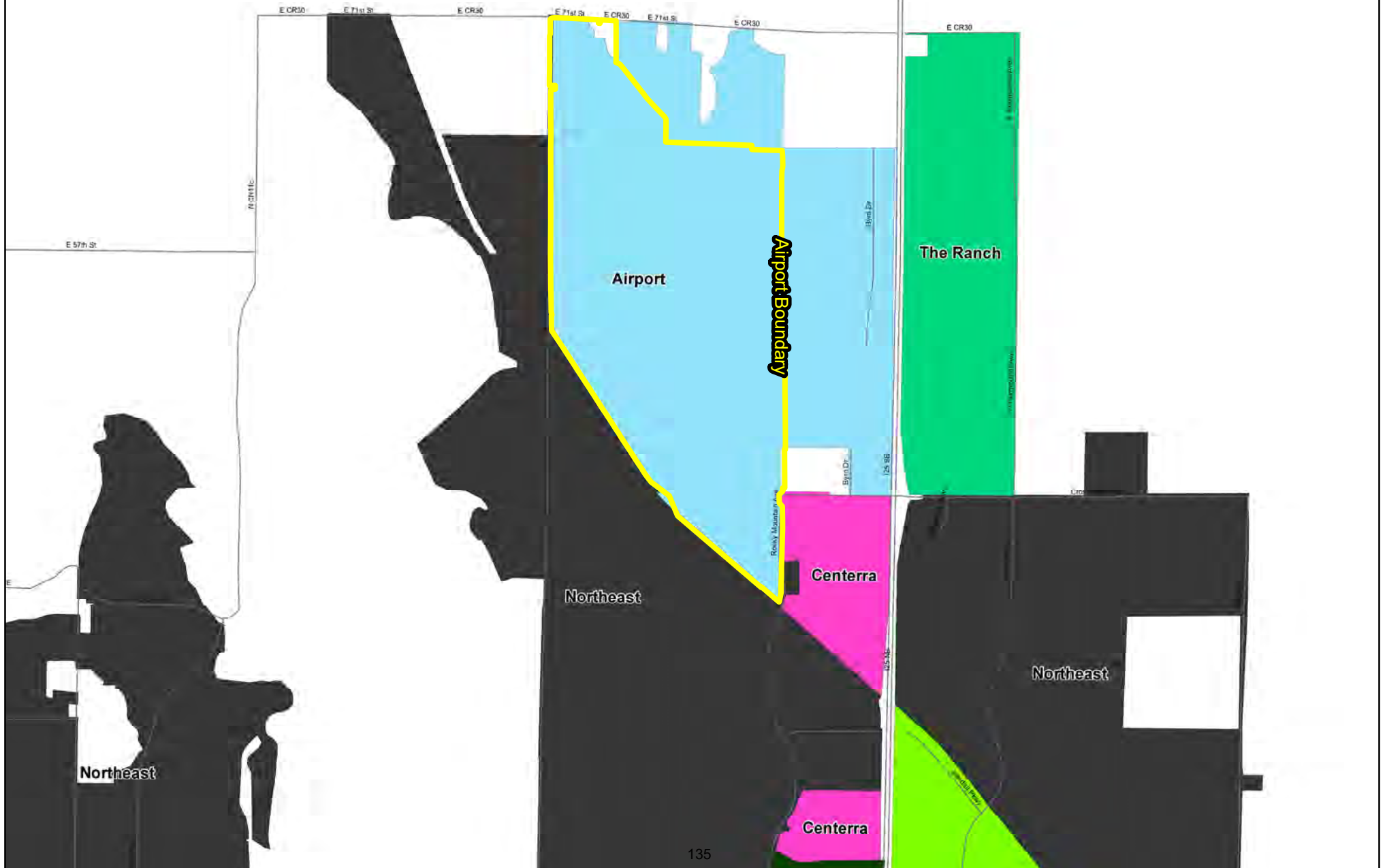
<u>Geographical Area</u>	<u>2021</u>	<u>2022</u>	<u>% Inc/Dec</u>
South East Loveland	\$ 12,855,521	\$ 13,951,476	8.5%
North West Loveland	5,956,505	6,131,062	2.9%
North East Loveland	4,923,636	5,685,499	15.5%
Centerra	4,350,974	4,401,202	1.2%
Orchards Shopping Center	3,123,975	3,222,705	3.2%
South West Loveland	2,272,910	2,560,564	12.7%
Thompson Valley Shopping Center	2,344,651	2,492,507	6.3%
Promenade Shops	2,050,280	2,100,710	2.5%
Downtown	1,581,049	1,831,336	15.8%
Airport	1,151,652	1,271,496	10.4%
Columbine Shopping Center	964,251	1,078,235	11.8%
The Ranch	659,443	1,010,449	53.2%
Outlet Mall	414,993	160,734	-61.3%
All Other Areas	10,775,341	13,675,372	26.9%
Total	\$ 53,425,181	\$ 59,573,346	11.5%

CITY OF LOVELAND
SALES TAX COLLECTED: CASH BASIS
Month of DECEMBER 2022

<u>Geographical Area</u>	<u>2022</u>	<u>% of Total</u>
South East Loveland	\$ 1,344,686	28.00%
North East Loveland	427,070	8.90%
Centerra	393,956	8.20%
North West Loveland	304,441	6.30%
Orchards Shopping Center	253,031	5.30%
South West Loveland	213,664	4.50%
Thompson Valley Shopping Center	202,473	4.20%
Promenade Shops	183,227	3.80%
Downtown	133,664	2.80%
The Ranch	90,272	1.90%
Columbine Shopping Center	85,599	1.80%
Airport	84,396	1.80%
Outlet Mall	16,719	0.30%
All Other Areas	1,062,134	22.20%
Total of DECEMBER 2022	\$ 4,795,332	100.00%



Airport Geographical Area - Sales Tax





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ITEM NUMBER: 10

MEETING DATE: July 20, 2023

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

TITLE

T-Hanger Repair and Decommissioning Recommendations

RECOMMENDED AIRPORT COMMISSION ACTION

Consider staff recommendations and provide direction

BUDGET IMPACT

Unknown

SUMMARY

At the June 15th meeting, the Airport Commission received updated information on the condition of the Airport-owned T-hanger buildings along with repair cost estimates. Staff was directed to move forward with demolition plans for Hangar A and explore the feasibility of repairing or repurposing hangar B. Action was taken to rescind the eviction notices for the C units and staff was directed to move forward with plans to repair the hangars. Based on the estimated repair costs, this can likely be accomplished administratively by Airport Staff.

Updates/Recommendations:

A Hangers: The team is working on demolition plans and a schedule and estimate is expected in early August.

B Hangers: During the last Commission meeting the Commission advised the team to determine if the B hanger could be repurposed as a hail shelter. Building officials confirmed that if these modifications are made, the hangars would have to be brought up to code because more than 50% of the structure would have to be modified. This requirement makes modifications to the B hangars not practical. It is staff's recommendation to demolish the B hangars.

C Hangers: Staff recommends moving forward with the necessary repairs and continuing to rent the hangars on a month-to-month basis to the current tenants for no longer than three years from the date the repairs are completed. The team is working on putting the bid package together for the repairs to the C hangars. We anticipate the bid will be released in late August.

C Hangar Revenue Estimates - 3 Years				
(Based on current rent rates - \$308 per unit per month)				
	Units	Annual Rent (per unit)	Annual Revenue	Repair Costs
Year 1	40	\$3,696	\$147,840	\$89,212
Year 2	40	\$3,696	\$147,840	\$0
Year 3	40	\$3,696	\$147,840	\$0
Net Revenue			\$354,308	

ATTACHMENT

Response Letter to Insurance Carrier



NORTHERN COLORADO REGIONAL AIRPORT

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June 28, 2023

ACE Property and Casualty Insurance Company
Attn: Chubb Aerospace Division
Policy Number: AAP N0098761A 011
P.O. Box 1000
436 Walnut Street
Philadelphia, Pennsylvania 19106

RE: Northern Colorado Regional Airport T-hangar Plan

To Whom It May Concern,

As previously communicated, structural deficiencies were recently identified in four hangar buildings at the Airport. The purpose of this letter is to provide information on how Northern Colorado Regional Airport will meet the requirements that have been stipulated by Chubb in order to maintain the hangar insurance policy at the Airport.

1. Hangar A (single building)
 - a. Must be closed. Based on the report, there are no repairs that can be done that would extend the lifespan of this hangar.

Response: Hangar A has been completely vacated. The building will be removed from the premises.

2. Hangar B (single building)
 - a. Must be closed -or-
 - b. NCRA must confirm in writing that Airport will repair all recommendations noted as “Medium” or “High” importance listed on the report. A 2nd written notice must be provided to Chubb in December 2023 providing an update on the status of the repairs.

Response: Hangar B has been completely vacated. It is likely that this hangar will also be removed from the premises, but the Airport is investigating the feasibility of repairing or repurposing the structure for future use. If the Airport decides to continue using the structure, it will remain vacant until all repair recommendations noted as “Medium or “High” are completed. A status update will be provided to Chubb in December of 2023.

3. Hangar C: (two buildings)
 - a. Must be closed -or-
 - b. NCRA must confirm in writing that Airport will repair all recommendations noted as “Medium” or “High” importance listed on the report. A 2nd written notice must be provided to Chubb in December 2023 providing an update on the status of the repairs.



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Response: All repairs noted as “Medium” or “High” will be completed in the coming months. The Airport is working to develop a scope of work for these repairs and then will hire a contractor to complete the work. A status update will be provided to Chubb in December of 2023.

We are fully committed to resolving these issues promptly. Should you have any further questions or require additional information, please do not hesitate to contact me at 970-962-5852 or via email at david.ruppel@cityofloveland.org. We value our relationship with Chubb, and we look forward to working together to address this matter efficiently and effectively.

Sincerely,

D.E. Ruppel
NCRA Interim Director