



# NORTHERN COLORADO REGIONAL AIRPORT COMMISSION

4900 EARHART ROAD • LOVELAND, CO 80538

**SPECIAL MEETING AGENDA  
THURSDAY JANUARY 18, 2024  
1:00PM – 3:30PM**

**CALL TO ORDER**

**ROLL CALL**

**REGULAR AGENDA**

1. Discovery Air Lease Negotiation Update with Possible Executive Session as Authorized by Colorado Revised Statute §§ 24-6-402 (4)(a), (b), (c) and (e)(I).

**ADJOURN**



# NORTHERN COLORADO REGIONAL AIRPORT

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**ITEM NUMBER:** 1

**MEETING DATE:** 1/18/24

**PREPARED BY:** DAVE RUPPEL, INTERIM AIRPORT DIRECTOR

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## **TITLE**

Discovery Air, LLC Lease Negotiation Update With Possible Executive Session

## **RECOMMENDED AIRPORT COMMISSION ACTION**

Move to recess into executive session to discuss the status of lease negotiations with Discovery Air, LLC as authorized by the Northern Colorado Regional Airport Commission Bylaws and C.R.S. Sections 24-6-402(4)(a), (b), (c), and (e)(I).

## **BUDGET IMPACT**

Unknown at this time.

## **SUMMARY**

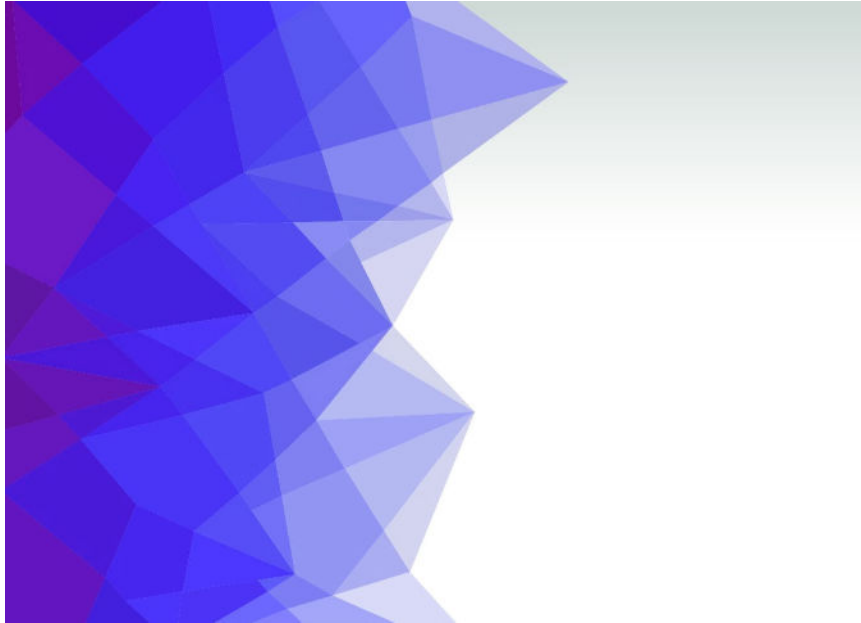
The purpose of this item is to update the Airport Commission on the status of the negotiations with Discovery Air, LLC related to its lease and issues it has raised with respect to the Airport.

## **HISTORY**

Discovery Air, LLC (“Discovery Air”) and the Cities of Loveland and Fort Collins entered into a 50-year ground lease agreement (the “Lease”) for Discovery Air’s master-planned development on approximately 1.1 million square feet of land in 2019. Discovery Air requested certain amendments to the Lease with respect to phasing of the development and escalation of rent, and a First Amendment to the Lease was executed in early 2021. Following the First Amendment, Discovery Air raised numerous perceived issues that escalated to City management and the Airport Commission in 2022 and 2023. Discovery Air’s legal counsel delivered a letter on April 20, 2023 threatening FAA action and litigation related to alleged violations of FAA grant assurances by the Airport. Following that letter, the parties entered into negotiations regarding issues raised by Discovery Air. Those negotiations are ongoing and the purpose of this item is to inform the Airport Commission of their status.

## **ATTACHMENTS**

Powerpoint Presentation



# **Discovery Air Lease Negotiation Discussion**

PRESENTED BY

DAVID RUPPEL, LAURIE WILSON, DAN  
REIMER, & RYAN MALARKY

JANUARY 18, 2024

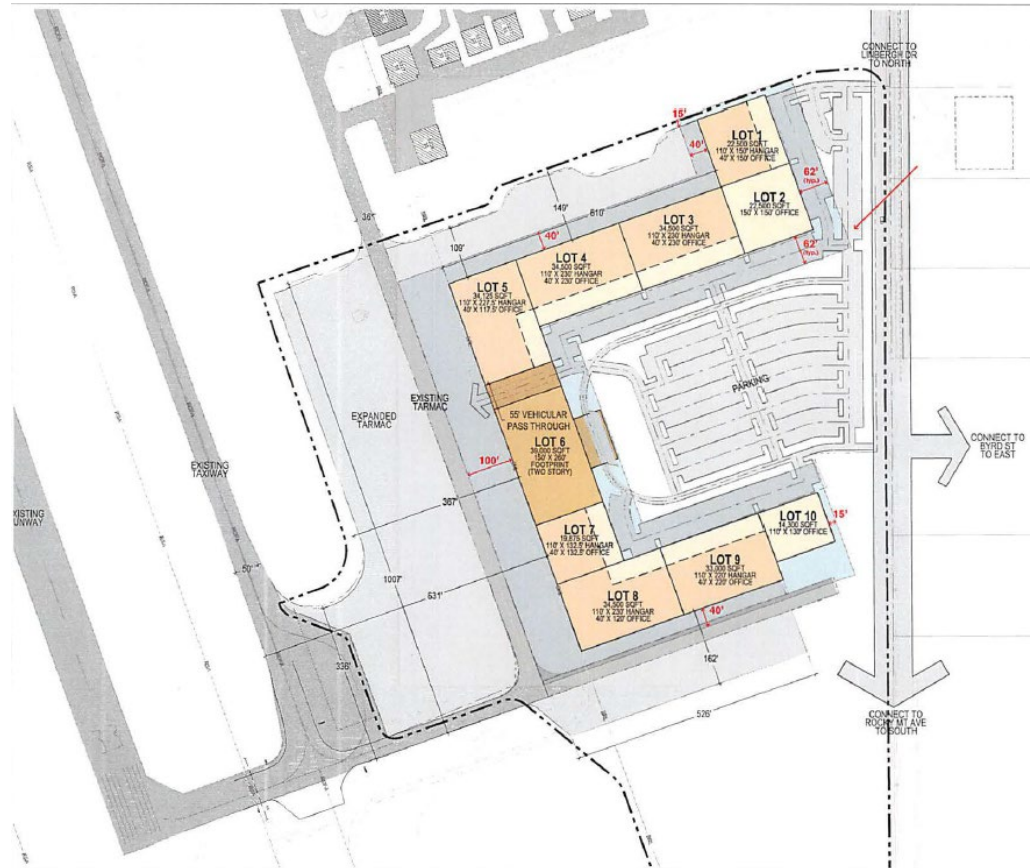
# Discovery Air Lease Background

- Discovery Air, LLC (“Discovery Air”) entered into a lease with the Cities of Loveland and Fort Collins in 2019 for a master-planned development on Airport property consisting of over 1.1 million square feet of greenfield land
- Many details of the future development were unknown at the time the lease was negotiated

# Discovery Air Site



# Discovery Air's Preliminary Site Plan



# Background cont'd

- The lease was heavily negotiated and ultimately Airport staff incentivized the rental structure and term in consideration of the amount of infrastructure that Discovery Air would need to construct for the development
  - 564,096 square feet of land subject to rent (out of 1.1 million square feet)
  - \$0.05 per square foot rent for the first phase (24 months or first CO); \$0.15 per square foot rent for the next 10 years; \$0.25 per square foot rent for the remainder of the term
  - 50 year term (the longest allowed by the FAA)

# Background cont'd

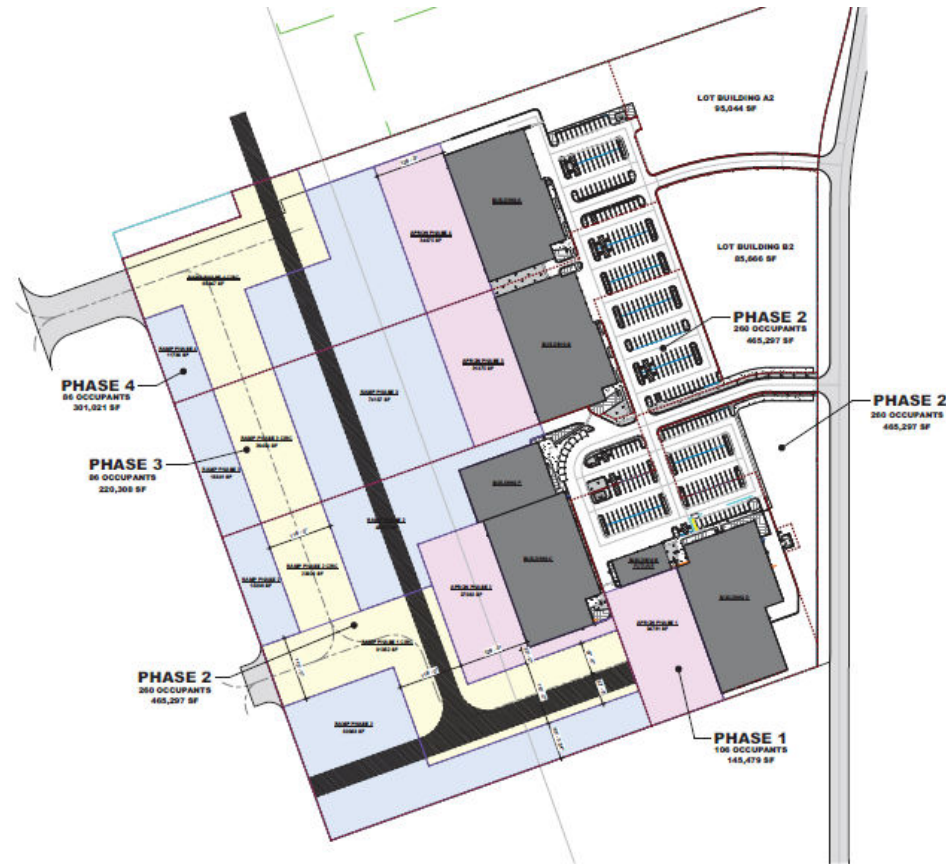
- Lease terms cont'd
  - 24-month inspection and entitlement period
  - Infrastructure to be installed included:
    - Lindbergh Drive extension
    - Public taxiway
    - Ramp
    - Utilities to the site
    - Stormwater improvements
    - Parking facilities



# Background cont'd

- Discovery requested an amendment to the 2019 Lease in 2020. Further negotiations occurred and a lease amendment was executed in early 2021.
- The lease amendment provided for phasing of the project and rent, and included a new site plan and "Exhibit C" depicting the rental areas
  - Five phases with separate rent escalation
  - "Contingent Phase V" area did not require rent until "development" occurred (approximately 250,000 square feet of land)

# Discovery Air Site Plan for First Amendment



# Lease Amendment Rental Areas



# Background cont'd

- Discussions between Discovery Air staff and Airport staff regarding the 2019 lease and 2021 lease amendment continued and numerous perceived issues were raised by Discovery Air that escalated to City management and the Commission from 2022 to the present