



Board Packet

Regular Board Meeting

February 19, 2019

Grand Junction Regional Airport Authority



Date: February 19, 2019

Location:

GRAND JUNCTION REGIONAL AIRPORT
2828 WALKER FIELD DRIVE
GRAND JUNCTION, CO 81506
AIRPORT TERMINAL - 3rd FLOOR CONFERENCE ROOM

Time: 5:15 PM

REGULAR MEETING AGENDA

- I. Call to Order**
- II. Pledge of Allegiance**
- III. Approval of Agenda**
- IV. Commissioner Comments**
- V. Citizens Comments**

The Grand Junction Regional Airport Authority welcomes respectful public comments at its meetings. The Citizens Comment section is open to all individuals that would like to comment. If you wish to speak under the Citizens Comment portion of the agenda, please fill out a comment card prior to the meeting. If you have a written statement for the Board, please have 10 copies available and give them to the Executive Director who will distribute them to the Board. The Board Chairman will indicate when you may come forward and comment. Please state your name for the record. Presentations are limited to **three minutes** and yielding time to others is not permitted. Speakers are to address the Chairman, not each other or the audience, and are expected to conduct themselves in an appropriate manner. The use of abusive or profane language shall not be allowed. No debate or argument between speakers and/or members of the audience shall be permitted.

VI. Consent Agenda

The Consent Agenda is intended to allow the Board to spend its time on the more complex items on the agenda. These items are perceived as non-controversial and can be approved by a single motion. The public or Board Members may ask that an item be removed from the Consent Agenda and be considered individually.

- A. January 15, 2019 meeting minutes _____ 1
- B. Employee Handbook Update _____ 2
- C. Procurement Policy Update _____ 3
- D. Mead and Hunt 2019 Planning Scope _____ 4
- E. Mead and Hunt Runway Design Task Order Amendment for Runup Pad _____ 5

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	F. Terminal Project Change Order _____	6
	G. Resolution to Approve CDOT Intern Grant _____	7
	H. Board Resolution to Revise Bond Project Estimates _____	8
VII.	Action Items	
	A. Consideration of formal support for increased funding for Emergency Services affecting the Airport _____	9
VIII.	Discussion Items	
	A. Updated Standard Ground Lease _____	10
IX.	Staff Reports	
	A. Director's Report (Angela Padalecki)	
	B. Finance and Activity Report (Sarah Menge) _____	11
	C. Operations Report (Mark Papko)	
	D. Facilities Report (Ben Peck)	
	E. Project Report (Eric Trinklein)	
	F. Contractor Reports (Frank McIlwain, Scott Cary, Adam Shuler)	
X.	Any other business which may come before the Board	
XI.	Executive Session	
	Executive session pursuant to CRS 24-6-402(4)(f) (I) to discuss personnel matters not involving any specific personnel that have requested the matter be discussed in an open meeting more specifically to discuss the Airport Director's annual review.	
XII.	Adjournment	



Grand Junction Regional Airport Authority Board
Regular Board Meeting
Meeting Minutes
January 15, 2019

REGULAR BOARD MEETING

I. Call to Order

Mr. Tom Benton, Board Chairman, called the Meeting of the Grand Junction Regional Airport Authority Board to order at 5:15 PM on January 15, 2019 in Grand Junction, Colorado and in the County of Mesa.

<i>Commissioners Present:</i> Tom Benton, <i>Chairman</i> Chuck McDaniel, <i>Vice-Chairman</i> Erling Brabaek Rick Taggart Ronald Velarde Thaddeus Shrader Clay Tufly <i>Airport Staff:</i> Angela Padalecki, <i>Executive Director</i> Victoria Hightower, Clerk Aaron Morrison, Sarah Menge Eric Trinklein	<i>Other:</i> Annie Velsco, TSA Shannon Kinslow, TOIL R. Thompson, CAF Adam Schuler, FCI Joseph Burtard, Citizen Geoff Mohny, Mead & Hunt Jared Easterlin, Mead & Hund Jeremy Lee, Mead & Hunt
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II. Pledge of Allegiance

III. Approval of Agenda

*Commissioner Tufly moved for the Board to approve the agenda as presented.
Commissioner Shrader seconded. Voice Vote. All Ayes.*

IV. Commissioner Comments

Chairman Benton commented that the airport had a busy 30-60 days with new airline activity and congratulated staff.

Commissioner Tufly commented that the Blue Angels will be visiting GJT January 23, 2019 for a couple of hours. The Blue Angels will be the main event at the Air Show this year on July 27th and 28th.

V. Citizen Comments

Annie Velasco

Ms. Velasco took a moment to thank the airport and the community for their support during the government shut down. Ms. Velasco said that she just moved to Grand Junction and she is so moved by the support and is very thankful for all of it. Ms. Velasco informed the board that TSA and GJT does not have a staffing issue. People may not be getting paid, but employees are still coming to work and being very supportive of each other.

VI. Consent Agenda

- A. December 4, 2018 meeting minutes
- B. Posting of meetings
- C. Asset disposal policy update
- D. Asset capitalization policy update
- E. 2018 audit engagement letter approval – Plante Moran
- F. Rocky Mountain Hangar, Inc. lease update

Chairman Benton requested to update C. Asset disposal policy update, on page 9 letter g, to specify approval methods. Either by the board and/or staff.

Commissioner Tufly moved for the Board to approve consent agenda items A-F with the amendment discussed to item C. Commissioner Taggart seconded. Voice Vote. All Ayes.

VII. Action Items

- A. 2019 Officer and committee appointment

Section 4.2 of the Board's Bylaws

The Chairman and Vice Chairman shall be elected from the members of the Board at the first regular meeting in January of each calendar year, and they shall hold office until their successors have been duly elected. The Board shall appoint a Clerk and Treasurer, and it may appoint a Deputy Clerk and Deputy Treasurer. The Clerk, Treasurer, Deputy Clerk and/or Deputy Treasurer need not be members of the Board and such positions shall continue in office at the pleasure of the Board.

2019 Officers:

Chairman – Tom Benton
Vice Chairman – Chuck McDaniel
Treasurer – Sarah Menge
Clerk – Victoria Hightower
Deputy Clerk – Chance Ballegeer

2019 Committees:

Finance and Audit Committee – Clay Tufly (Chair), Rick Taggart, Drew Armstrong, Steve Hovland

Compliance Committee – Chuck McDaniel (Chair), Erling Brabaek, Mark Papko

Building Committee – Rick Taggart, Thaddeus Shader, Eric Trinklein

It was also discussed for the February workshop to be moved to the 12th due to scheduling conflicts.

B. 2019 Banking resolution

The bank resolution will be adopted annually to reflect the current Chairman and Vice Chairman. Staff titles have changed but no other changes have been made to the resolution since it's last update to increase the level requiring dual signature.

Voice Vote. Roll Call. Commissioner Tufly, Aye; Commissioner Taggart, Aye; Commissioner McDaniel, Aye; Commissioner Shrader, Aye; Commissioner Brabaek, Aye; Commissioner Velarde, Aye; Chairman Benton, Aye.

C. CBP – MOU with GJ Chamber & design contracts with FCI and Mead & Hunt

Staff have had various discussions with members of the Community and the Grand Junction Chamber of Commerce about building a customs border patrol (CBP) office at GJRAA with a future goal of establishing a foreign trade zone. In order to determine the cost and feasibility of building the facility, GJRAA and the Chamber would like to enter an MOU where the Chamber will pay for the first phase of a schematic design to determine the financial cost of building such a facility. The design and cost estimates will be determined by FCI and Mead & Hunt and costs for these contracts will be reimbursed by the Chamber.

Commissioner Tufly is on the Chamber Board, therefore, recused himself from the discussion and voting.

Commissioner Brabaek moved for the Board to approve the CBP – MOU with GJ Chamber & design contracts with FCI and Mead & Hunt. Commissioner Shrader seconded. Voice Vote. All Ayes. Commissioner Tufly, abstain.

D. Airline Rates and Charges – Recommend delegation to finance & audit committee to approve business terms

The Airport staff have been working with DKMG to establish a new rates and charges model for the airlines terminal rent and landing fee and to update the existing leases.

The finance and audit committee have been briefed on the models prepared by DKMG and the primary financial terms of the contract (maximum annual increase limits, non-airline revenue treatment, etc.).

We have received positive feedback from the airlines and are confident that we can start negotiating lease terms in the coming month.

Staff encourages any board member to contact us with additional questions on the rates and charges models proposed by the consultants, but we believe it would be most effective and efficient to have the finance committee approve the financial terms due to the complexity of the models.

Commissioner Shrader moved for the Board to approve Airline Rates and Charges – Recommended delegation to finance & audit committee to approve business terms. Commissioner Tuflly seconded. Voice Vote. All Ayes.

VIII. Discussion Items

A. State Statue updates

IX. Staff Reports

- A. Director's report (Angela Padalecki)
- B. Financial/Activity report (Sarah Menge)
- C. Operations Report (Mark Papko)
- D. Facilities Report (Ben Peck)
- E. Project Report (Eric Trinklein)
- F. Contactor Reports (Colin Bible, Scott Cary, Geoff Mohnney, Adam Shuler)

Note – Mr. Peck and Mr. Papko left the meeting early in preparation of snow duty.

X. Any other business which may come before the Board

None.

XI. Adjournment

Commissioner Taggart moved for adjournment. Commissioner Brabaek seconded. Voice Vote. All Ayes.

The meeting adjourned at 7:39PM.

*Audio recording of the complete meeting can be found at
https://gjairport.com/Board_Meetings*

Tom Benton, Board Chairman

ATTEST:

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Airport Employee Handbook Amendments		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff recommends the Board adopt revisions to the Airport Employee Handbook.		
SUMMARY:	<p>Airport staff identified revisions needed to the Employee Handbook for the following areas:</p> <ol style="list-style-type: none">1. A Personal Identifying Information section was added based on recommendations from legal counsel2. We added language to the workers' compensation area that specifically describes the fact that sick leave may be used to supplement worker's compensation benefits so that an employee on leave would be able to receive their normal gross wages.3. We removed the requirement for employees to use 3 days of PTO prior to using sick days if the reason for absence is a work-related injury and referred to the worker's compensation policy.4. We have modified the language with regard to PERA to remove stated withholding percentages since those are scheduled to change over the next 2 years. This will prevent the need for additional revisions each year.		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	N/A		
ATTACHMENTS:	Airport Employee Handbook		
STAFF CONTACT:	Sarah Menge Email: smenge@gjairport.com Office: 970-248-8581		

resume will not be accepted in lieu of a completed application. The completed application will be used to verify the accuracy and completeness of previous employment and personal information. The Grand Junction Regional Airport may investigate or request information regarding any portion of the requested information (i.e., previous work history) and may deny or later terminate the employment of anyone giving false, misleading, or incomplete information. The completed application will be made part of the personnel file of those applicants who are hired.

Personal Identifying Information

The following policy is intended to safeguard personal identifying information received by the Grand Junction Airport. For purposes of this policy, "personal identifying information" (PII) includes social security numbers; personal identification numbers; passwords; pass codes; official state or government-issued driver's license or identification card numbers; government passport numbers; biometric data (i.e. finger print or retina scan); employer, student, or military identification numbers; or financial transaction devices (i.e. credit cards, debit cards, banking cards, electronic fund transfer cards, guaranteed check cards, and financial account numbers).

In order to ensure the protection of PII, including that of Airport employees, from unauthorized access, use, modification, disclosure or destruction, access to PII is limited to human resources employees, airport security personnel, and finance and accounting employees (only as necessary to process payroll and benefits on behalf of the employee).

Unless otherwise required by state or federal law or regulation, when paper and electronic documents received by the Airport containing PII are no longer needed for its business purposes, the Airport will destroy or arrange for the destruction of the documents in its custody by shredding, erasing, or otherwise modifying the PII in the documents to make the information unreadable or indecipherable through any means.

The Airport will take no more than 30 days to provide Employees notice of a security breach that results in or is likely to result in the misuse of PII when the breach involves a Colorado resident's first name or first initial and last name in combination with: the individual's social security number; student, military, or passport identification number; driver's license number or identification card number; medical information; health insurance identification number; or biometric data; username or email address, in combination with a password or security questions and answers, that would permit access to an online account; or an account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to that account, when any of these data elements are not encrypted, redacted, or secured by any other method rendering the name or the element unreadable or unusable.

Employee Classification

Full-Time Employees

Full-time employees are employees who are normally scheduled to work at least thirty (30) hours per week, as determined by the Grand Junction Regional Airport in its sole discretion.

to use Sick Leave for the remainder of the leave. The employee may be asked to bring medical certification verifying their illness.

Eligible employees may use sick leave for an absence due to their own illness or injury. In addition, sick leave may be authorized for a period of forty-hours (40 hours) for any immediate family-member illness. This will be permitted only after three (3) consecutive days of Paid Time Off have been used. Employees must submit a note to Administration from an appropriate healthcare provider to be considered for the use of Sick Leave.

If an employee suffers from an on-the-job injury or illness and is restricted from regular duty, the employee will not be required to first use three (3) consecutive days of Paid Time Off, but will be eligible to use Sick Leave in accordance with the Workers' Compensation policy of the handbook.

In the event of your documented life threatening illness/injury, or the need of an immediate family member, additional sick leave may be granted depending on the Airport's ability to accommodate additional leave and with approval of the Administration Department or Airport Manager.

Employees who are on Sick Leave will continue to accrue paid time off and sick leave for up to thirty (30) consecutive days. After thirty (30) consecutive days, paid time off and sick leave will stop accruing.

For the purpose of this policy, immediate family is defined as:

- | | |
|-----------------|---------------|
| ▪ Brother | ▪ Spouse |
| ▪ Child | ▪ Stepbrother |
| ▪ Father | ▪ Stepchild |
| ▪ Father-in-law | ▪ Stepfather |
| ▪ Mother | ▪ Stepmother |
| ▪ Mother-in-law | ▪ Stepsister |
| ▪ Sister | |

Medical Insurance

The Airport offers medical insurance coverage for our eligible employees and eligible dependents, beginning on the first day of the month after completion of your sixty (60) day introductory period.

Costs of coverage are outlined in the Airport's Benefit Handout and are subject to change. Dependent coverage is also available, for a specific dollar amount each month depending on the level of coverage chosen. Employee's costs for medical insurance will be processed through payroll deductions.

Please consult the applicable plan document for all information regarding eligibility, coverage and benefits. The plan document ultimately governs your entitlement to benefits. Additionally, you may contact the Administration Department for additional information and specific costs.

Please consult the applicable plan document for all information regarding eligibility, coverage and benefits. The plan document ultimately governs your right to benefits.

Colorado Public Employers Retirement Association

The Grand Junction Regional Airport Authority provides employees with Colorado Public Employees Retirement Association (PERA).

PERA is a substitute for Social Security. Benefits are pre-funded, which means while an employee is working, he or she is required to contribute a fixed percentage of their salary to the retirement trust funds and the Airport will also contribute a fixed percentage for each employee in accordance with the current PERA plan requirements. This percentage is currently 8%. The Airport also currently contributes 13.7% for each employee.

401(k) Retirement Savings Plan

The Airport Authority offers a 401(k) plan through Colorado PERA. The Colorado PERA 401(k) Plan is a voluntary defined contribution plan. If an employee elects to contribute funds into a Colorado PERA 401(k) Plan, the Airport will match the funds contributed, up to 4% of an employee's gross pay per calendar year, beginning January 1st. The employee must contribute to the Plan for the Airport to match the funds. The funds contributed are matched dollar for dollar, up to a maximum of 4% of the employees gross pay per calendar year. The Airport Authority will only match funds for full-time regular employees who have at least one (1) year of service. For additional information, contact the Administration Department.

Long-Term Disability Insurance

The Airport Authority provides access to long-term disability insurance coverage for our eligible employees, beginning on the first day of the month after completion of your sixty (60) day introductory period. Third party providers may provide this coverage directly to you. You are responsible for the entire cost of this insurance. Consult the applicable plan document for all information regarding eligibility, coverage and benefits. The plan document ultimately governs your entitlement to benefits.

Health and Wellness Benefit

Grand Junction Regional Airport encourages employees to achieve and maintain a healthy lifestyle through physical fitness, therefore the Airport has established a benefit for the reimbursement of an individual gym membership.

Gym membership reimbursement is available to full-time employees who have been employed for a minimum of 6 months.

Employees will be reimbursed for an amount determined annually during the budget cycle, for eligible fees. Eligible fees include annual or monthly fees for an individual membership at a fitness center. Enrollment fees (if applicable) are ineligible. Employees with a family

requested on the form. Copies of the form must be forwarded to the Administration Department within 72 hours after the accident or incident.

All managers and supervisors are responsible for enforcing this policy. Supervisors are also responsible for ensuring that all incidents, accidents, and occupational diseases within their respective areas and/or scope of responsibility are reported, recorded, and investigated in accordance with this policy. Specifically, supervisors must complete and file the Incident/Accident Report Form and, where appropriate, the Worker's Compensation First Notice of Injury Form. Such reports are to be filed as soon as possible, but in no case more than 72 hours after the accident or incident. Employees are responsible for notifying their supervisor of any accident or incident when it occurs, even if no medical attention is required. Employees also are responsible for cooperating with their supervisor and investigation teams in completing required reports.

Workers' Compensation

Employees of Grand Junction Regional Airport are covered by Workers' Compensation insurance, which provides compensation and/or medical benefits to any employee who has been injured or becomes ill due to a job-related accident, sickness, or death. Premiums are paid by the Grand Junction Regional Airport, and benefits are paid in accordance with Colorado law.

Employees must immediately notify their supervisor of all on-the-job accidents, as outlined in the accident reporting policy.

Injured workers are required to obtain authorization for medical care through their supervisor prior to visiting the hospital or clinic. Also, injured workers must use our designated provider facilities. The use of a different provider or out-of-network medical facility could result in an expense to the injured worker.

In an emergency situation, the injured person should be sent to the nearest emergency room for treatment. In the case of an emergency, contact 911 and let the paramedics make the decision on where the patient is to be treated. Once the patient is stabilized, he/she can be transferred to our designated provider's facility.

Whenever possible, temporary light duty will be provided for a work-related injury, illness or disease in accordance with written physical limitations provided by the treating physician. Failure of the employee to participate in approved temporary light duty may result in loss of worker's compensation benefits and/or termination of employment, consistent with applicable laws.

After the employee begins workers' compensation leave, the weekly benefit may be supplemented by the use of accrued sick leave up to the amount needed to approximate the employee's regular base pay prior to the injury or illness. If the employee exhausts his/her accrued sick leave, the employee may use PTO to supplement the weekly benefit. In no event will the compensation of the weekly benefit and the use of accrued sick leave and/or PTO exceed the employee's regular base pay. An employee who chooses to use sick leave and/or PTO shall comply with the Airport's Paid Sick Leave and PTO policies. Should the injury be such that the employee is unable to return to

work after exhausting all accrued sick leave and PTO, the employee will receive workers' compensation payments only.

Alcohol and Drug Policy

All employees are prohibited from manufacturing, cultivating, distributing, dispensing, possessing or using illegal drugs or other unauthorized or mind-altering or intoxicating substances while on Grand Junction Regional Airport property (including parking areas and grounds), or while otherwise performing their work duties away from Grand Junction Regional Airport. This prohibition specifically includes marijuana, whether it is recommended for a medical purpose, or possessed legally under State law. The prohibition also includes other lawful controlled substances that have been illegally or improperly obtained. This policy does not prohibit the possession and proper use of lawfully prescribed drugs taken in accordance with the prescription.

Employees are also prohibited from having any such illegal or unauthorized controlled substances in their system while at work (including marijuana recommended for medical purposes or possessed legally under State law), and from having excessive amounts of otherwise lawful controlled substances in their systems. This policy does not apply to the authorized possession of legal drugs where such activity is a necessary part of an employee's assigned duties.

All employees are prohibited from distributing, dispensing, possessing or using alcohol while at work or on duty. Furthermore, off-duty alcohol use, while generally not prohibited by this policy, must not interfere with an employee's ability to perform the essential functions of his/her job.

Prescription Drugs

The proper use of medication prescribed by your physician is not prohibited; however, the Airport does prohibit the misuse of prescribed medication. Employees' drug use may affect their job performance, such as by causing dizziness or drowsiness. Employees are required to disclose any medication that would make them a risk of harm to themselves or to others in performing their job responsibilities. It is the employee's responsibility to determine from his/her physician whether a prescribed drug may impair job performance.

Notification of Impairment

It shall be the responsibility of each employee who observes or has knowledge of another employee in a condition which impairs the employee in the performance of his/her job duties, or who presents a hazard to the safety and welfare of others, or is otherwise in violation of this policy, to promptly report that fact to his/her immediate supervisor.

Who is Tested

All employees are subject to pre-employment and random screening. Employees will be tested for drugs and alcohol after a work-related accident or if observed using a prohibited substance on the job. Additionally, employees may be required to submit to drug/alcohol screening whenever the

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Procurement Policy Amendment		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff recommends the Board adopt the proposed revision to the procurement policy that exempts the monthly payment on the corporate purchase card balance to require board approval.		
SUMMARY:	<p>The current procurement policy does not specifically describe an approval process for payment of the Corporate Purchase Card (P-Card) balance each month. The P-Card balance is paid off by an automatic EFT transfer initiated by the bank from our operating account each month.</p> <p>All purchases that are paid for with a P-Card are approved individually in accordance with the purchasing procedures in the procurement policy. Based on this practice, the payment on the balance has essentially been approved, however, it seemed prudent to document the P-card payment in the procurement policy since the balance payoff each month is in excess of \$10,000 and would require a second approval in accordance with the current policy if it is considered a “purchase”.</p>		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	N/A		
ATTACHMENTS:	Redline Procurement Policy		
STAFF CONTACT:	Sarah Menge 970-248-8581 smenge@gjairport.com		

- Written price or rate quotations shall be obtained from an adequate number of qualified sources. It is highly encouraged that three (3) quotes are obtained.
- All purchases must be approved, prior to purchase, by the Board of Commissioners.

5. Credit card bills of the Authority may be paid by auto debit or other automated method provided individual purchases have been approved in accordance with this Procurement Policy.

5.6.Purchases equal to or over \$50,000

- All purchases equal to or over \$50,000 must be acquired in accordance with all local, State and Federal law. Refer to Section V, Procurement Procedures for additional information.

6.7.Bulk Fuel Purchasing

- Employees purchasing fuel shall make their best effort to ensure the Airport is receiving the best possible price for fuel, but shall not be required to obtain three quotes.
- Board approval shall be required for bulk fuel purchases over \$50,000.

7.8.Government Purchasing Programs

- The Airport recognizes the potential costs savings from utilizing government purchasing programs and encourages the use of such programs to receive guaranteed pricing.
- Purchases made through government purchasing programs are exempt from price quotation requirements for purchases under \$10,000.

8.9.Other Purchases

- Budgeted recurring purchases/invoices to be exempt requiring board approval shall be utilities, employee benefits (not limited to health insurance), and security guard payments,

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Mead and Hunt 2019 Planning Services		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff requests that the Board approve Mead & Hunt's Scope of Services #4 for 2019 planning activities		
DISCUSSION:	<p>With aircraft operations, both commercial and general aviation continuing to grow, the Airport will need to continually review and assess the capabilities of the airport system. This scope will evaluate the areas of the terminal operation to determine which areas might experience stress in response to airline growth and inform terminal development strategies at GJT. Additionally, opportunities for general aviation hangars will be developed and evaluated.</p> <p>This work will utilize Airport staff resources as much as possible to make the process as cost efficient as possible. This scope includes several site visits by Mead and Hunt Planning staff to review planning objectives and provide recommendations. Since the airport currently does not have a staff planner, contract services are used as needed.</p>		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	Operating Budget – Time and Materials \$61,182		
ATTACHMENTS:	1. Task Order #4		
STAFF CONTACT:	Eric Trinklein etrinklein@gairport.com Office: 970-248-8597		

TASK ORDER # 4
TO
PROFESSIONAL SERVICES AGREEMENT

BETWEEN: Grand Junction Regional Airport Authority (CLIENT)
Grand Junction, Colorado

AND: Mead & Hunt, Inc. (CONSULTANT)
A Wisconsin Corporation

EFFECTIVE DATE: February 19, 2019

RECITALS

This is the fourth Task Order to the Professional Services Agreement dated effective February 3, 2015, between the Grand Junction Regional Airport Authority and Mead & Hunt, Inc. The Professional Services Agreement effective February 3, 2015, is referred to herein as the Contract.

AGREEMENT

1. Services to be Provided. The Scope of Services is to prepare a Terminal Capacity Study. The full Scope of Services is defined in Exhibit A.
2. Schedule. The project shall be completed in Calendar year 2019.
3. Consideration. The services shall be provided for the lump sum of \$61,182 as described in Exhibit B. Progress payments shall be made in accordance with the Contract. Also, based on the potential to secure grant funding for a portion of the Scope of Services, it is possible that this task order may be split into two separate task orders at a later date.

APPROVAL AND ACCEPTANCE: Approval and acceptance of the TASK ORDER including any attachments shall incorporate this document as part of the CONTRACT between the OWNER and the CONSULTANT dated February 3, 2015. All work and services defined in this TASK ORDER shall be performed in accordance with the terms and conditions of the aforementioned CONTRACT between the OWNER and CONSULTANT.

Accepted by: GRAND JUNCTION
REGIONAL AIRPORT AUTHORITY

By: _____

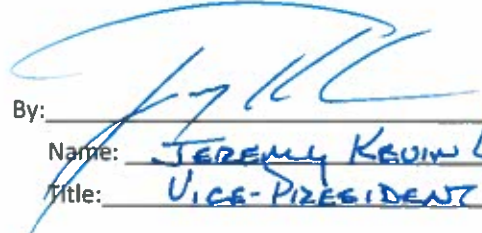
Name: _____

Title: _____

*The above person is authorized to sign for Client
and bind the Client to the terms hereof.*

Date: _____

Approved by: MEAD & HUNT, INC.



By: _____

Name: JEREMY KEVIN LEE

Title: VICE-PRESIDENT

Date: 14-FEB-2019

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Mead & Hunt Task Order Amendment for Runup Pad
PURPOSE:	Information <input type="checkbox"/> Guidance <input type="checkbox"/> Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff requests that the Board approve Mead & Hunt's Task order #1 and #4 revisions.
LAST ACTION:	The Board approved Task Order #1 on June 22, 2017. The Board approved Task Order #4 on July 23, 2018.
DISCUSSION:	<p>Upon further discussion for the design of the temporary runup pad that will transform into a new cargo apron after runway construction, it was determined in the best interest of the Airport to amend the design from Mead & Hunt and award it to our on-call engineer, Garver. With Garver recently completing two projects towards the end of 2018, they are ready to begin new work, and this is the perfect opportunity to increase efficiency for the Airport.</p> <p>The original Task Order #1 called for a total fee of \$4,244,355.59 and after the reduction for the design of the Runup Pad, the new total is \$4,305,355.59. This results in a total reduction of \$61,000.00.</p> <p>The original Task Order #4 called for a total fee of \$2,371,321.50 and after the reduction for the design of the Runup Pad, the new total is \$2,171,899.00. This results in a total reduction of \$199,422.50.</p>
REVIEWED BY:	Staff and legal counsel have reviewed the amendments for Task Order #1 and Task Order #4 and concurs with the stated level of completion and recommends approving both.
FISCAL IMPACT:	Total Reduction: \$260,422.50
ATTACHMENTS:	1. Amendment No. 1 – Task Order No. 1 2. Amendment No. 1 – Task Order No. 4
STAFF CONTACT:	Eric Trinklein etrinklein@gairport.com Office: 970-248-8597



AMENDMENT NO. 1 Amending Task Order No. 1

February 15, 2019

Eric Trinklein
Grand Junction Regional Airport Authority
2828 Walker Field Drive
Grand Junction, CO 81506

Project Name: GJT Grand Junction
Runway Relocation 2017
Project Location: Grand Junction, CO
Project Number: R2331300-170312.02
Mead & Hunt Manager: Scott Cary

Subject: Amendment No. 1

Dear Eric Trinklein:

The above-referenced PROJECT requires an Amendment. The work in this Amendment is in addition to the Scope of Services stated in the original contract, Task Order #1, between the CLIENT (Grand Junction Regional Airport Authority) and the CONSULTANT (Mead & Hunt, Inc.) dated June 22, 2017.

The CLIENT agrees that the CONSULTANT shall provide professional consulting services for the PROJECT as set forth in this Amendment, and the CLIENT shall provide payment for those services as provided for in this Amendment.

A detailed description of our understanding of the Amended PROJECT Scope of Services and Compensation is provided below.

Reason for Amendment

Reduction of Budget: **DECREASE** Task Order No. 1 by Sixty-One Thousand Dollars (\$61,000.00).

Amended Scope of Services

The Scope of Services for the PROJECT is amended as follows:

- Task 104 - Land Acquisition: **DECREASED** by a total of Seventy-One Thousand Dollars (\$71,000.00). The amended budget for Task 104 is \$106,939.10.
- Task 107 - Permitting Agency Coordination: **INCREASED** by a total of Ten Thousand Dollars (\$10,000.00). The amended budget for Task 107 is \$167,353.25.

Amended Compensation

Form of compensation for work in this Amendment will be in accordance with the *Terms and Conditions* of the existing CONTRACT. The Grand Junction Regional Airport Authority will pay Mead & Hunt, Inc. a DECREASE of Sixty-One Thousand Dollars (\$61,000.00) for the work performed under this Amendment. This Amendment results in a revised contract amount of \$4,305,355.59 for the total PROJECT.

Authorization for Amendment

The Amended Scope of Services, Schedule, and Compensation stated in this amendment are valid for a period of thirty (30) days from date of submission. If authorization to proceed is not received during this period, this amendment may be reviewed and modified by Mead & Hunt.

Signatures of authorized representatives of Grand Junction Regional Airport Authority and Mead & Hunt, Inc. shall amend the existing Agreement (original CONTRACT and all previous amendments, if applicable) between the two parties, and receipt of one signed copy shall be considered authorization to proceed with the work described in this Amendment. All services will be performed in accordance with the *Terms and Conditions* of the original CONTRACT and amendment, if applicable. If a signed copy of this Authorization is not received by Mead & Hunt, Inc. within seven (7) days from the date of issuance, Mead & Hunt, Inc. may stop work on the above services.

Respectfully submitted,

MEAD & HUNT, Inc.



P. Scott Cary, PE. LEED AP
Aviation Services

Accepted by: **GRAND JUNCTION REGIONAL
AIRPORT AUTHORITY**

By: _____

(Print Name)

Title: _____

*The above person is authorized to sign for Client and bind
the Client to the terms hereof.*

Date: _____

Approved by: **MEAD & HUNT, INC.**

By:  _____

Brad Rolf

(Print Name)

Title: Vice President

Date: February 15, 2019



AMENDMENT NO. 1
Amending Task Order No. 4

February 15, 2019

Eric Trinklein
Grand Junction Regional Airport Authority
2828 Walker Field Drive
Grand Junction, CO 81506

Project Name: GJT Grand Junction
Runway Relocation
Project Location: Grand Junction, CO
Project Number: R2331300-170312.05
Mead & Hunt Manager: Scott Cary

Subject: Amendment No. 1

Dear Eric Trinklein:

The above-referenced PROJECT requires an Amendment. The work in this Amendment is in addition to the Scope of Services stated in the original contract, Task Order #4, between the CLIENT (Grand Junction Regional Airport Authority) and the CONSULTANT (Mead & Hunt, Inc.) dated July 23, 2018.

The CLIENT agrees that the CONSULTANT shall provide professional consulting services for the PROJECT as set forth in this Amendment, and the CLIENT shall provide payment for those services as provided for in this Amendment.

A detailed description of our understanding of the Amended PROJECT Scope of Services and Compensation is provided below.

Reason for Amendment

Reduction of Budget: **DECREASE** Task Order No. 4 by One Hundred Ninety-Nine Thousand, Four Hundred Twenty-Two Dollars and Fifty Cents (\$199,422.50).

Amended Scope of Services

The Scope of Services for the PROJECT is amended as follows:

- Task 206 - Design 2019 Airfield Improvements Package 1: **DECREASED** by a total of One Hundred Twenty-Six Thousand, Two Hundred Seventy-Five Dollars (\$126,275.00).

The amended budget for Task 206 is \$604,191.10.

- Task 210 - Supplemental Geotechnical Investigation: **DECREASED** by a total of Twelve Thousand, One Hundred Forty-Seven Dollars and Fifty Cents (\$12,147.50).

The amended budget for Task 210 is \$17,127.50.

- Task 212 - Runway Grant Administration/Financial Planning Services: **DECREASED** by a total of Sixty-One Thousand Dollars (\$61,000.00).

The amended budget for Task 212 is \$58,076.80.

Amended Compensation

Form of compensation for work in this Amendment will be in accordance with the *Terms and Conditions* of the existing CONTRACT. The Grand Junction Regional Airport Authority will pay Mead & Hunt, Inc. a DECREASE of One Hundred Ninety-Nine, Four Hundred Twenty-Two Dollars and Fifty Cents (\$199,422.50) for the work performed under this Amendment.

This Amendment results in a revised contract amount of \$2,171,899.00 for the total PROJECT.

Authorization for Amendment

The Amended Scope of Services, Schedule, and Compensation stated in this amendment are valid for a period of thirty (30) days from date of submission. If authorization to proceed is not received during this period, this amendment may be reviewed and modified by Mead & Hunt.

Signatures of authorized representatives of Grand Junction Regional Airport Authority and Mead & Hunt, Inc. shall amend the existing Agreement (original CONTRACT and all previous amendments, if applicable) between the two parties, and receipt of one signed copy shall be considered authorization to proceed with the work described in this Amendment. All services will be performed in accordance with the *Terms and Conditions* of the original CONTRACT and amendment, if applicable. If a signed copy of this Authorization is not received by Mead & Hunt, Inc. within seven (7) days from the date of issuance, Mead & Hunt, Inc. may stop work on the above services.

Respectfully submitted,

MEAD & HUNT, Inc.



P. Scott Cary, PE. LEED AP
Aviation Services

Accepted by: **GRAND JUNCTION REGIONAL
AIRPORT AUTHORITY**

By: _____

(Print Name)

Title: _____

*The above person is authorized to sign for Client and bind
the Client to the terms hereof.*

Date: _____

Approved by: **MEAD & HUNT, INC.**

By:  _____

Brad Rolf

(Print Name)

Title: Vice President

Date: February 15, 2019

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Terminal Project Change Order for Revised Scope		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Board approve Change Order #02.		
LAST ACTION:	Board recommended award to FCI Constructors, Inc. on September 18, 2018.		
DISCUSSION:	<p>This change order has been requested by the Contractor to change the scope of the project for multiple portions of the terminal renovations including light changes, ceiling replacement, unexpected repairs, and painting. This results in a cost increase of \$245,366.</p> <p>Additionally, staff is requesting an increase in the project budget to account for owner contingency, bathroom renovations, and customer service enhancements for \$62,200.</p>		
REVIEWED BY:	Staff and legal counsel have reviewed the change order and concurs with the stated reasons for the change and recommends approval.		
FISCAL IMPACT:	FCI Total = \$ 245,366 Project Total = \$ 307,566		
COMMUNICATION STRATEGY:	None.		
ATTACHMENTS:	Change Order #02		
STAFFCONTACT:	Eric Trinklein etrinklein@gjairport.com Office: 970-248-8597		



Prime Contract Change Order

Detailed, Grouped by Each Number

GJRA Terminal Renovation
2828 Walker Field Drive
Grand Junction, CO 81506

Project # 10-18-059
Tel: (970) 434-9093 Fax: (970) 434-7583

FCI Constructors, Inc. - GJ

Date: 2/12/2019

To Contractor:

FCI Constructors, Inc. - GJ
P. O. Box 1767
Grand Junction, CO 81502

Architect's Project No: 10-18-059

Contract Date:

Contract Number: 01000

Change Order Number: 002

The Contract is hereby revised by the following items:

Multiple Change Orders

PCO	Description	Amount
COR-008R1	Lighting Changes High Atrium Ceiling	55,245
COR-012R1	Baggage Claim Tile & Grid	18,685
COR-014	Clerestory Storefront Attachment	9,249
COR-016	Paint Scope	133,477
COR-007R1	Lighting Changes Baggage Claim	16,728
COR-009R1	Car Rental Lighting Replacement per RFI 018	11,982

The original Contract Value was.....	4,400,095
Sum of changes by prior Prime Contract Change Orders.....	(21,713)
The Contract Value prior to this Prime Contract Change Order was.....	4,378,382
The Contract Value will be changed by this Prime Contract Change Order in the amount of.....	245,366
The new Contract Value including this Prime Contract Change Order will be.....	4,623,748
The Contract duration will be changed by.....	0 Days
The revised Substantial Completion date as of this Prime Contract Change Order is.....	

Mead & Hunt
ARCHITECT
1743 Wazee Street, Suite 400
Denver, CO 80202

Address

By Geoff Mohnney

SIGNATURE 

DATE 2/15/19

FCI Constructors, Inc. - GJ
CONTRACTOR
P. O. Box 1767
Grand Junction, CO 81502

Address

By Adam Shuler

SIGNATURE 

DATE 02/12/2019

Grand Junction Regional Airport
OWNER
2828 Walker Field Drive
Grand Junction, CO 81506

Address

By

SIGNATURE

DATE

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Resolution CDOT Internship Program		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Board approval of RESOLUTION NO. 2019-003. A Resolution of the Grand Junction Regional Airport Authority Authorizing Executive Director to Sign a Grant Agreement with the Colorado Department of Transportation, Colorado Aeronautical Board - Division of Aeronautics.		
SUMMARY:	The grant agreement to be approved is a renewal of the current internship program. The state requires annual renewals that align with their fiscal year based on the Colorado Department of Transportation – Division of Aeronautics (CDOT) funding cycle. CDOT provides a program to reimburse airports 50% of the cost to train and develop future aviation professionals with real world experience. Grand Junction Regional Airport staff is utilizing this program with a Planning and Development Intern and a Business Intern that works with the Finance Department.		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	Maximum Authorized Funding Amount to be received from CDOT: \$16,640 GJRAA: Budgeted salary expenses for the two interns before the reimbursement total approximately \$38,000.		
ATTACHMENTS:	1. State of Colorado Grant Agreement – CDOT – Aeronautics Division 2. Resolution 2019-003		
STAFFCONTACT:	Eric Trinklein etrinklein@gjairport.com Office: 970-248-8597		

STATE OF COLORADO GRANT AGREEMENT

SIGNATURE AND COVER PAGE

State Agency Colorado Department of Transportation, Colorado Aeronautical Board, Division of Aeronautics		Agreement Number 19-HAV-ZL-00191
Grantee Grand Junction Regional Airport Authority		Agreement Performance Beginning Date The Effective Date
		Initial Agreement Expiration Date June 30, 2020
Agreement Maximum Amount Funding Source State:	Funding Amount \$16,640.00	Fund Expenditure End Date June 30, 2021
		Agreement Description Element A. Airport Business Internship

THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT

Each person signing this Agreement represents and warrants that he or she is duly authorized to execute this Agreement and to bind the Party authorizing his or her signature.

GRANTEE Grand Junction Regional Airport Authority	STATE OF COLORADO Jared S. Polis, Governor Department of Transportation
_____ By: Print Name & Title of Person Signing for Grantee	_____ By: David R. Ulane, Aeronautics Division Director for Shoshana M. Lew, Executive Director
Date: _____	Date: _____

In accordance with §24-30-202, C.R.S., this Agreement is not valid until signed and dated below by the State Controller or an authorized delegate.

STATE CONTROLLER
 Robert Jaros, CPA, MBA, JD

 By: Department of Transportation
 Liliya Gershman, Accounting Controller

Effective Date: _____

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1. PARTIES

This Agreement is entered into by and between Grantee named on the Signature and Cover Page for this Agreement (the "Grantee"), and the STATE OF COLORADO acting by and through the State agency named on the Signature and Cover Page for this Agreement (the "State" or "CDOT", or "Division"). Grantee and the State agree to the terms and conditions in this Agreement.

2. TERM AND EFFECTIVE DATE

A. Effective Date

This Agreement shall not be valid or enforceable until the Effective Date, and the Grant Funds shall be expended by the Fund Expenditure End Date shown on the Signature and Cover Page for this Agreement. The State shall not be bound by any provision of this Agreement before the Effective Date, and shall have no obligation to pay Grantee for any Work performed or expense incurred before the Effective Date, except as described in §7.C.(vi), or after the Fund Expenditure End Date.

B. Initial Term

The Parties' respective performances under this Agreement shall commence on the Agreement Performance Beginning Date shown on the Signature and Cover Page for this Agreement and shall terminate on the Initial Agreement Expiration Date shown on the

Signature and Cover Page for this Agreement (the “Initial Term”) unless sooner terminated or further extended in accordance with the terms of this Agreement.

C. Extension Terms - State’s Option

The State, at its discretion, shall have the option to extend the performance under this Agreement beyond the Initial Term for a period, or for successive periods, of 1 year or less at the same rates and under the same terms specified in this Agreement (each such period an “Extension Term”). In order to exercise this option, the State shall provide written notice to Grantee in a form substantially equivalent to Exhibit C.

D. End of Term Extension

If this Agreement approaches the end of its Initial Term, or any Extension Term then in place, the State, at its discretion, upon written notice to Grantee as provided in §16, may unilaterally extend such Initial Term or Extension Term for a period not to exceed 2 months (an “End of Term Extension”), regardless of whether additional Extension Terms are available or not. The provisions of this Agreement in effect when such notice is given shall remain in effect during the End of Term Extension. The End of Term Extension shall automatically terminate upon execution of a replacement Agreement or modification extending the total term of this Agreement.

E. Early Termination in the Public Interest

The State is entering into this Agreement to serve the public interest of the State of Colorado as determined by its Governor, General Assembly, the Colorado Aeronautical Board, or Courts. If this Agreement ceases to further the public interest of the State, the State, in its discretion, may terminate this Agreement in whole or in part. This subsection shall not apply to a termination of this Agreement by the State for breach by Grantee, which shall be governed by §14.A.i.

i. Method and Content

The State shall notify Grantee of such termination in accordance with §16. The notice shall specify the effective date of the termination and whether it affects all or a portion of this Agreement.

ii. Obligations and Rights

Upon receipt of a termination notice for termination in the public interest, Grantee shall be subject to the rights and obligations set forth in §14.A.i.a.

iii. Payments

If the State terminates this Agreement in the public interest, the State shall pay Grantee an amount equal to the percentage of the total reimbursement payable under this Agreement that corresponds to the percentage of Work satisfactorily completed and accepted, as determined by the State, less payments previously made. Additionally, if this Agreement is less than 60% completed, as determined by the State, the State may reimburse Grantee for a portion of actual out-of-pocket expenses, not otherwise reimbursed under this Agreement, incurred by Grantee which are directly attributable to the uncompleted portion of Grantee’s obligations, provided that the sum of any and all reimbursement shall not exceed the maximum amount payable to Grantee hereunder.

3. AUTHORITY

Authority to enter into this Agreement exists in the law as follows:

A. State Authority

Authority to enter into this Grant exists in CRS §43-10-108.5 and funds have been budgeted, appropriated and otherwise made available pursuant to CRS §§39-27-112(2)(b), 43-10-109, 43-10-102 and a sufficient unencumbered balance thereof remains available for payment. Required approvals, clearance, and coordination have been accomplished from and with appropriate agencies.

4. PURPOSE

The General Assembly of the State of Colorado declared in Title 43 of the Colorado Revised Statutes, Article 10, 1991 in CRS §43-10-101 (the Act) "... that there exists a need to promote the safe operations and accessibility of general aviation in this state; that improvements to general aviation transportation facilities will promote diversified economic development across the state; and that accessibility to airport facilities for residents of this state is crucial in the event of a medical or other type of emergency..."

The Act created the Colorado Aeronautical Board ("the Board") to establish policy and procedures for distribution of monies in the Aviation Fund and created the Division of Aeronautics ("the Division") to carry out the directives of the Board, including technical and planning assistance to airports and the administration of the state aviation system grant program. SEE CRS §43-10-103 and C.R.S. §43-10-105 and CRS §43-10-108.5 of the Act.

Any entity operating a public-accessible airport in the state may file an application for and be recipient of a grant to be used solely for aviation purposes. The Division is authorized to assist such airports as request assistance by means of a Resolution passed by the applicant's duly-authorized governing body, which understands that all funds shall be used exclusively for aviation purposes and that it will comply with all grant procedures and requirements as defined in the Division's Program and Procedures Manual, ("the Manual").

5. DEFINITIONS

The following terms shall be construed and interpreted as follows:

- A. "Agreement" means this agreement, including all attached Exhibits, all documents incorporated by reference, all referenced statutes, rules and cited authorities, and any future modifications thereto.
- B. "Budget" means the budget for the Work described in Exhibit A.
- C. "Business Day" means any day in which the State is open and conducting business, but shall not include Saturday, Sunday or any day on which the State observes one of the holidays listed in §24-11-101(1), C.R.S.
- D. "CJI" means criminal justice information collected by criminal justice agencies needed for the performance of their authorized functions, including, without limitation, all information defined as criminal justice information by the U.S. Department of Justice, Federal Bureau of Investigation, Criminal Justice Information Services Security Policy, as amended and all Criminal Justice Records as defined under §24-72-302, C.R.S.
- E. "CORA" means the Colorado Open Records Act, §§24-72-200.1, *et. seq.*, C.R.S.

- F. **“Effective Date”** means the date on which this Agreement is approved and signed by the Colorado State Controller or designee, as shown on the Signature and Cover Page for this Agreement.
- G. **“End of Term Extension”** means the time period defined in §2.D
- H. **“Exhibits”** means the following exhibits attached to this Agreement:
 - i. **Exhibit A**, Colorado Discretionary Aviation Grant Program Application.
 - ii. **Exhibit B**, Resolution in accordance with General Assembly of the state of Colorado declared in C.R.S. §43-10-101
 - iii. **Exhibit C**, Sample Option Letter
- I. **“Extension Term”** means the time period defined in §2.C
- J. **“Goods”** means any movable material acquired, produced, or delivered by Grantee as set forth in this Agreement and shall include any movable material acquired, produced, or delivered by Grantee in connection with the Services.
- K. **“Grant”** means this Grant, its terms and conditions, attached exhibits, documents incorporated by reference under the terms of this Grant, and any future modifications, exhibits, attachments or reference incorporated herein pursuant to Colorado State law, Fiscal Rules, and State Controller Policies.
- L. **“Grant Funds”** means the funds that have been appropriated, designated, encumbered, or otherwise made available for payment by the State under this Agreement.
- M. **“Incident”** means any accidental or deliberate event that results in or constitutes an imminent threat of the unauthorized access, loss, disclosure, modification, disruption, or destruction of any communications or information resources of the State, which are included as part of the Work, as described in §§24-37.5-401 et. seq. C.R.S. Incidents include, without limitation (i) successful attempts to gain unauthorized access to a State system or State Information regardless of where such information is located; (ii) unwanted disruption or denial of service; (iii) the unauthorized use of a State system for the processing or storage of data; or (iv) changes to State system hardware, firmware, or software characteristics without the State’s knowledge, instruction, or consent.
- N. **“Initial Term”** means the time period defined in §2.B
- O. **“Local Funds”** means money provided by any city, county, or other private entity to fund performance of the Work.
- P. **“Manual”** means the Programs and Procedures Manual as approved by the Colorado Aeronautical board that is available on the Colorado Division of Aeronautics’ website.
- Q. **“Matching Funds”** means the funds provided by Grantee as a match required to receive the Grant Funds.
- R. **“Party”** means the State or Grantee, and **“Parties”** means both the State and Grantee.
- S. **“PII”** means personally identifiable information including, without limitation, any information maintained by the State about an individual that can be used to distinguish or trace an individual’s identity, such as name, social security number, date and place of birth, mother’s maiden name, or biometric records; and any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment

information. PII includes, but is not limited to, all information defined as personally identifiable information in §24-72-501, C.R.S.

- T. **“Program”** means the Colorado Discretionary Aviation Grant Program.
- U. **“Services”** means the services to be performed by Grantee as set forth in this Agreement, and shall include any services to be rendered by Grantee in connection with the Goods.
- V. **“State Confidential Information”** means any and all State Records not subject to disclosure under CORA. State Confidential Information shall include, but is not limited to, PII, PHI, PCI, Tax Information, CJI, and State personnel records not subject to disclosure under CORA. State Confidential Information shall not include information or data concerning individuals that is not deemed confidential but nevertheless belongs to the State, which has been communicated, furnished, or disclosed by the State to Contractor which (i) is subject to disclosure pursuant to the CORA; (ii) is already known to Contractor without restrictions at the time of its disclosure by Contractor; (iii) is or subsequently becomes publicly available without breach of any obligation owed by Contractor to the State; (iv) is disclosed to Contractor, without confidentiality obligations, by a third party who has the right to disclose such information; or (v) was independently developed without reliance on any State Confidential Information.
- W. **“State Fiscal Rules”** means that fiscal rules promulgated by the Colorado State Controller pursuant to §24-30-202(13)(a), C.R.S.
- X. **“State Fiscal Year”** means a 12 month period beginning on July 1 of each calendar year and ending on June 30 of the following calendar year. If a single calendar year follows the term, then it means the State Fiscal Year ending in that calendar year.
- Y. **“State Records”** means any and all State data, information, and records, regardless of physical form, including, but not limited to, information subject to disclosure under CORA.
- Z. **“Subcontractor”** means third-parties, if any, engaged by Grantee to aid in performance of the Work. “Subcontractor” also includes sub-grantees of grant funds.
- AA. **“Tax Information”** means federal and State of Colorado tax information including, without limitation, federal and State tax returns, return information, and such other tax-related information as may be protected by federal and State law and regulation. Tax Information includes, but is not limited to all information defined as federal tax information in Internal Revenue Service Publication 1075.
- BB. **“Uniform Guidance”** means the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, commonly known as the “Super Circular, which supersedes requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, and A-133, and the guidance in Circular A-50 on Single Audit Act follow-up.
- CC. **“Work”** means the Goods delivered and Services performed pursuant to this Agreement.
- DD. **“Work Product”** means the tangible and intangible results of the Work, whether finished or unfinished, including drafts. Work Product includes, but is not limited to, documents, text, software (including source code), research, reports, proposals, specifications, plans, notes, studies, data, images, photographs, negatives, pictures, drawings, designs, models, surveys, maps, materials, ideas, concepts, know-how, information, and any other results of the Work. “Work Product” does not include any material that was developed prior to the Effective Date that is used, without modification, in the performance of the Work.

Any other term used in this Agreement that is defined in an Exhibit shall be construed and interpreted as defined in that Exhibit.

6. STATEMENT OF WORK AND BUDGET

Grantee shall complete the Work as described in this Agreement and in accordance with the provisions of Exhibit A. The State shall have no liability to compensate Grantee for the delivery of any goods or the performance of any services that are not specifically set forth in this Agreement.

7. PAYMENTS TO GRANTEE

A. Maximum Amount

Payments to Grantee are limited to the unpaid, obligated balance of the Grant Funds. The State shall not pay Grantee any amount under this Agreement that exceeds the Agreement Maximum shown on the Signature and Cover Page of this Agreement.

B. Increase/Decrease Work – State’s Option

The State, at its discretion, shall have the option to increase or decrease the quantity of Goods and Services provided under this Grant and increase the maximum amount payable and update Exhibit A accordingly. In order to exercise this option, the State shall provide written notice to Grantee in a form substantially equivalent to Exhibit C. Delivery of Goods and performance of Services shall continue at the same rates and terms as described in this Grant.

C. Payment Procedures

i. Invoices and Payment

- a. The State shall pay Grantee in the amounts and in accordance with the conditions set forth in this Grant Agreement and its Exhibits.
- b. Grantee shall initiate payment requests by invoice to the State, in a form and manner approved by the State.
- c. The State shall pay each invoice within 45 days following the State’s receipt of that invoice, so long as the amount invoiced correctly represents Work completed by Grantee and previously accepted by the State during the term that the invoice covers. If the State determines that the amount of any invoice is not correct, then Grantee shall make all changes necessary to correct that invoice.
- d. The acceptance of an invoice shall not constitute acceptance of any Work performed or deliverables provided under this Agreement.

ii. Interest

Amounts not paid by the State within 45 days of the State’s acceptance of the invoice shall bear interest on the unpaid balance beginning on the 45th day at the rate of 1% per month, as required by §24-30-202(24)(a), C.R.S., until paid in full; provided, however, that interest shall not accrue on unpaid amounts that the State disputes in writing. Grantee shall invoice the State separately for accrued interest on delinquent amounts, and the invoice shall reference the delinquent payment, the number of day’s interest to be paid and the interest rate.

iii. Payment Disputes

If Grantee disputes any calculation, determination or amount of any payment, Grantee shall notify the State in writing of its dispute within 30 days following the earlier to

occur of Grantee's receipt of the payment or notification of the determination or calculation of the payment by the State. The State will review the information presented by Grantee and may make changes to its determination based on this review. The calculation, determination or payment amount that results from the State's review shall not be subject to additional dispute under this subsection. No payment subject to a dispute under this subsection shall be due until after the State has concluded its review, and the State shall not pay any interest on any amount during the period it is subject to dispute under this subsection.

iv. Available Funds-Contingency-Termination

The State is prohibited by law from making commitments beyond the term of the current State Fiscal Year. Payment to Grantee beyond the current State Fiscal Year is contingent on the appropriation and continuing availability of Grant Funds in any subsequent year (as provided in the Colorado Special Provisions). If federal funds or funds from any other non-State funds constitute all or some of the Grant Funds, the State's obligation to pay Grantee shall be contingent upon such non-State funding continuing to be made available for payment. Payments to be made pursuant to this Agreement shall be made only from Grant Funds, and the State's liability for such payments shall be limited to the amount remaining of such Grant Funds. If State, federal or other funds are not appropriated, or otherwise become unavailable to fund this Agreement, the State may, upon written notice, terminate this Agreement, in whole or in part, without incurring further liability. The State shall, however, remain obligated to pay for Services and Goods that are delivered and accepted prior to the effective date of notice of termination, and this termination shall otherwise be treated as if this Agreement were terminated in the public interest as described in §2.E.

v. Erroneous Payments

The State may recover, at the State's discretion, payments made to Grantee in error for any reason, including, but not limited to, overpayments or improper payments, and unexpended or excess funds received by Grantee. The State may recover such payments by deduction from subsequent payments under this Agreement, deduction from any payment due under any other contracts, grants or agreements between the State and Grantee, or by any other appropriate method for collecting debts owed to the State. The close-out of a Federal Award does not affect the right of the Federal Awarding Agency or the State to disallow costs and recover funds on the basis of a later audit or other review. Any cost disallowance recovery is to be made within the Record Retention Period, as defined below.

vi. Retroactive Payments

The State may reimburse Grantee for costs or expenses incurred or performance by the Grantee prior to the Effective Date, only if (1) the Grant Funds involve federal funding, (2) federal laws, rules and regulations applicable to the Work provide for such retroactive payments to the Grantee, and (3) the State incurs no obligation to make retroactive payments until after the Grant Effective Date. Any such retroactive payments shall comply with State Fiscal Rules and be made in accordance with the provisions of this Grant or any Exhibit. Grantee shall initiate any payment requests by submitting invoices to the State in the form and manner set for the and approved by the State.

D. Matching Funds.

Grantee shall provide Matching Funds as provided in Exhibit A. Grantee shall have raised the full amount of Matching Funds prior to the Effective Date and shall report to the State regarding the status of such funds upon request. Grantee's obligation to pay all or any part of any matching funds, whether direct or contingent, only extend to funds duly and lawfully appropriated for the purposes of this Agreement by the authorized representatives of Grantee and paid into Grantee's treasury or bank account. Grantee represents to the State that the amount designated "Grantee's Matching Funds" in Exhibit A has been legally appropriated for the purposes of this Agreement by its authorized representatives and paid into its treasury or bank account. Grantee does not by this Agreement irrevocably pledge present cash reserves for payments in future fiscal years, and this Agreement is not intended to create a multiple-fiscal year debt of Grantee. Grantee shall not pay or be liable for any claimed interest, late charges, fees, taxes or penalties of any nature, except as required by Grantee's laws or policies.

E. Reimbursement of Grantee Costs.

The State shall reimburse Grantee's allowable costs, not exceeding the maximum total amount described in Exhibit A and on the Signature and Cover Page for all allowable costs described in this Grant and shown in the Budget, except that Grantee may adjust the amounts between each line item of the Budget without formal modification to this Agreement as long as the Grantee provides notice to the State of the change, the change does not modify the total maximum amount of this Agreement, and the change does not modify any requirements of the Work.

F. Close-Out.

Grantee shall close out this Award within 45 days after the Fund Expenditure End Date shown on the Signature and Cover Page for this Agreement. To complete close-out, Grantee shall submit to the State all deliverables (including documentation) as defined in this Agreement and Grantee's final reimbursement request or invoice.

8. REPORTING - NOTIFICATION

A. Quarterly Reports.

In addition to any reports required pursuant to §19 or pursuant to any other Exhibit, for any Agreement having a term longer than 3 months, Grantee shall submit, on a quarterly basis, a written report specifying progress made for each specified performance measure and standard in this Agreement. Such progress report shall be in accordance with the procedures developed and prescribed by the State. Progress reports shall be submitted to the State not later than 5 Business Days following the end of each calendar quarter or at such time as otherwise specified by the State.

B. Litigation Reporting

If Grantee is served with a pleading or other document in connection with an action before a court or other administrative decision making body, and such pleading or document relates to this Agreement or may affect Grantee's ability to perform its obligations under this Agreement, Grantee shall, within 10 days after being served, notify the State of such action and deliver copies of such pleading or document to the State's principal representative identified in §16.

C. Performance and Final Status

Grantee shall submit all financial, performance and other reports to the State no later than 45 calendar days after the end of the Initial Term if no Extension Terms are exercised, or the final Extension Term exercised by the State, containing an evaluation and review of Grantee's performance and the final status of Grantee's obligations hereunder.

D. Violations Reporting

Grantee shall disclose, in a timely manner, in writing to the State, all violations of federal or State criminal law involving fraud, bribery, or gratuity violations potentially affecting this Grant. The State may impose any penalties for noncompliance which may include, without limitation suspension or debarment.

9. GRANTEE RECORDS

A. Maintenance

Grantee shall make, keep, maintain, and allow inspection and monitoring by the State of a complete file of all records, documents, communications, notes and other written materials, electronic media files, and communications, pertaining in any manner to the Work or the delivery of Services (including, but not limited to the operation of programs) or Goods hereunder. Grantee shall maintain such records for a period (the "Record Retention Period") of three years following the date of submission to the State of the final expenditure report, or if this Award is renewed quarterly or annually, from the date of the submission of each quarterly or annual report, respectively. If any litigation, claim, or audit related to this Award starts before expiration of the Record Retention Period, the Record Retention Period shall extend until all litigation, claims, or audit findings have been resolved and final action taken by the State. The State may notify Grantee in writing that the Record Retention Period shall be extended. For records for real property and equipment, the Record Retention Period shall extend three years following final disposition of such property.

B. Inspection

Grantee shall permit the State to audit, inspect, examine, excerpt, copy and transcribe Grantee Records during the Record Retention Period. Grantee shall make Grantee Records available during normal business hours at Grantee's office or place of business, or at other mutually agreed upon times or locations, upon no fewer than 2 Business Days' notice from the State, unless the State determines that a shorter period of notice, or no notice, is necessary to protect the interests of the State.

C. Monitoring

The State will monitor Grantee's performance of its obligations under this Agreement using procedures as determined by the State. The federal government and any other duly authorized agent of a governmental agency, in its discretion, may monitor Contractor's performance of its obligations under this Contract using procedures as determined by that governmental entity. The State shall monitor Grantee's performance in a manner that does not unduly interfere with Grantee's performance of the Work.

D. Final Audit Report

Grantee shall promptly submit upon request to the State a copy of any final audit report of an audit performed on Grantee's records that relates to or affects this Agreement or the Work, whether the audit is conducted by Grantee or a third party. Additionally, if Grantee is

required to perform a single audit under 2 CFR 200.501, *et. seq.*, then Grantee shall submit a copy of the results of that audit to the State within the same timelines as the submission to the federal government.

10. CONFIDENTIAL INFORMATION-STATE RECORDS

A. Confidentiality

Grantee shall keep confidential, and cause all Subcontractors to keep confidential, all State Records, unless those State Records are publicly available. Grantee shall not, without prior written approval of the State, use, publish, copy, disclose to any third party, or permit the use by any third party of any State Records, except as otherwise stated in this Agreement, permitted by law or approved in Writing by the State. Grantee shall provide for the security of all State Confidential Information in accordance with all policies promulgated by the Colorado Office of Information Security and all applicable laws, rules, policies, publications, and guidelines. Grantee shall immediately forward any request or demand for State Records to the State's principal representative.

B. Other Entity Access and Nondisclosure Agreements

Grantee may provide State Records to its agents, employees, assigns and Subcontractors as necessary to perform the Work, but shall restrict access to State Confidential Information to those agents, employees, assigns and Subcontractors who require access to perform their obligations under this Agreement. Grantee shall ensure all such agents, employees, assigns, and Subcontractors sign agreements containing nondisclosure provisions at least as protective as those in this Contract, and that the nondisclosure provisions are in force at all times the agent, employee, assign or Subcontractor has access to any State Confidential Information. Grantee shall provide copies of those signed nondisclosure provisions to the State upon execution of the nondisclosure provisions.

C. Use, Security, and Retention

Grantee shall use, hold and maintain State Confidential Information in compliance with any and all applicable laws and regulations in facilities located within the United States, and shall maintain a secure environment that ensures confidentiality of all State Confidential Information wherever located. Grantee shall provide the State with access, subject to Grantee's reasonable security requirements, for purposes of inspecting and monitoring access and use of State Confidential Information and evaluating security control effectiveness. Upon the expiration or termination of this Agreement, Grantee shall return State Records provided to Grantee or destroy such State Records and certify to the State that it has done so, as directed by the State. If Grantee is prevented by law or regulation from returning or destroying State Confidential Information, Grantee warrants it will guarantee the confidentiality of, and cease to use, such State Confidential Information.

D. Incident Notice and Remediation

If Grantee becomes aware of any Incident, it shall notify the State immediately and cooperate with the State regarding recovery, remediation, and the necessity to involve law enforcement, as determined by the State. Unless Grantee can establish that none of Grantee or any of its agents, employees, assigns or Subcontractors are the cause or source of the Incident, Grantee shall be responsible for the cost of notifying each person who may have been impacted by the Incident. After an Incident, Grantee shall take steps to reduce the risk of incurring a similar type of Incident in the future as directed by the State, which may include, but is not limited to, developing and implementing a remediation plan that is approved by the State at

no additional cost to the State. The State may adjust or direct modifications to this plan, in its sole discretion and Grantee shall make all modifications as directed by the State. If Grantee cannot produce its analysis and plan within the allotted time, the State, in its sole discretion, may perform such analysis and produce a remediation plan, and Grantee shall reimburse the State for the reasonable costs thereof.

E. Compliance

Grantee shall review, on a semi-annual basis, all OIS policies and procedures which OIS has promulgated pursuant to CRS §§ 24-37.5-401 through 406 and 8 CCR § 1501-5 and posted at <http://oit.state.co.us/ois>, to ensure compliance with the standards and guidelines published therein. Grantee shall cooperate, and shall cause its Subcontractors to cooperate, with the performance of security audit and penetration tests by OIS or its designee.

F. Safeguarding PII

If Grantee or any of its Subcontractors will or may receive PII under this Contract, Grantee shall provide for the security of such PII, in a form acceptable to the State, including, without limitation, non-disclosure, use of appropriate technology, security practices, computer access security, data access security, data storage encryption, data transmission encryption, security inspections, and audits. Grantee shall take full responsibility for the security of all PII in its possession or in the possession of its Subcontractors, and shall hold the State harmless for any damages or liabilities resulting from the unauthorized disclosure or loss thereof.

11. CONFLICTS OF INTEREST

A. Actual Conflicts of Interest

Grantee shall not engage in any business or activities, or maintain any relationships that conflict in any way with the full performance of the obligations of Grantee under this Agreement. Such a conflict of interest would arise when a Grantee or Subcontractor's employee, officer or agent were to offer or provide any tangible personal benefit to an employee of the State, or any member of his or her immediate family or his or her partner, related to the award of, entry into or management or oversight of this Agreement.

B. Apparent Conflicts of Interest

Grantee acknowledges that, with respect to this Agreement, even the appearance of a conflict of interest shall be harmful to the State's interests. Absent the State's prior written approval, Grantee shall refrain from any practices, activities or relationships that reasonably appear to be in conflict with the full performance of Grantee's obligations under this Agreement.

C. Disclosure to the State

If a conflict or the appearance of a conflict arises, or if Grantee is uncertain whether a conflict or the appearance of a conflict has arisen, Grantee shall submit to the State a disclosure statement setting forth the relevant details for the State's consideration. Failure to promptly submit a disclosure statement or to follow the State's direction in regard to the actual or apparent conflict constitutes a breach of this Agreement.

12. INSURANCE

Grantee shall obtain and maintain, and ensure that each Subcontractor shall obtain and maintain, insurance as specified in this section at all times during the term of this Agreement. All insurance policies required by this Agreement that are not provided through self-insurance shall be issued by insurance companies as approved by the State.

A. Workers' Compensation

Workers' compensation insurance as required by state statute, and employers' liability insurance covering all Grantee or Subcontractor employees acting within the course and scope of their employment.

B. General Liability

Commercial general liability insurance covering premises operations, fire damage, independent contractors, products and completed operations, blanket contractual liability, personal injury, and advertising liability with minimum limits as follows:

- i. \$1,000,000 each occurrence;
- ii. \$1,000,000 general aggregate;
- iii. \$1,000,000 products and completed operations aggregate; and
- iv. \$50,000 any 1 fire.

C. Automobile Liability

Automobile liability insurance covering any auto (including owned, hired and non-owned autos) with a minimum limit of \$1,000,000 each accident combined single limit.

D. Additional Insured

The State shall be named as additional insured on all commercial general liability policies (leases and construction contracts require additional insured coverage for completed operations) required of Grantee and Subcontractors.

E. Primacy of Coverage

Coverage required of Grantee and each Subcontractor shall be primary over any insurance or self-insurance program carried by Grantee or the State.

F. Cancellation

All commercial insurance policies shall include provisions preventing cancellation or non-renewal, except for cancellation based on non-payment of premiums, without at least 30 days prior notice to Grantee and Grantee shall forward such notice to the State in accordance with §16 within 7 days of Grantee's receipt of such notice.

G. Subrogation Waiver

All commercial insurance policies secured or maintained by Grantee or its Subcontractors in relation to this Agreement shall include clauses stating that each carrier shall waive all rights of recovery under subrogation or otherwise against Grantee or the State, its agencies, institutions, organizations, officers, agents, employees, and volunteers.

H. Public Entities

If Grantee is a "public entity" within the meaning of the Colorado Governmental Immunity Act, §24-10-101, *et seq.*, C.R.S. (the "GIA"), Grantee shall maintain, in lieu of the liability insurance requirements stated above, at all times during the term of this Contract such liability insurance, by commercial policy or self-insurance, as is necessary to meet its liabilities under the GIA. If a Subcontractor is a public entity within the meaning of the GIA, Grantee shall ensure that the Subcontractor maintain at all times during the terms of this Grantee, in lieu of the liability insurance requirements stated above, such liability insurance, by commercial

policy or self-insurance, as is necessary to meet the Subcontractor's obligations under the GIA.

I. Certificates

For each commercial insurance plan provided by Grantee under this Agreement, upon request by State, Grantee shall provide to the State certificates evidencing Grantee's insurance coverage required in this Agreement within 7 Business Days following the Effective Date. Grantee shall provide to the State certificates evidencing Subcontractor insurance coverage required under this Agreement within 7 Business Days following the Effective Date, except that, if Grantee's subcontract is not in effect as of the Effective Date, Grantee shall provide to the State certificates showing Subcontractor insurance coverage required under this Agreement within 7 Business Days following Grantee's execution of the subcontract. No later than 15 days before the expiration date of Grantee's or any Subcontractor's coverage, Grantee shall deliver to the State certificates of insurance evidencing renewals of coverage. At any other time during the term of this Agreement, upon request by the State, Grantee shall, within 7 Business Days following the request by the State, supply to the State evidence satisfactory to the State of compliance with the provisions of this §12.

13. BREACH

A. Defined

The failure of a Party to perform any of its obligations in accordance with this Agreement, in whole or in part or in a timely or satisfactory manner, shall be a breach. The institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or against Grantee, or the appointment of a receiver or similar officer for Grantee or any of its property, which is not vacated or fully stayed within 30 days after the institution of such proceeding, shall also constitute a breach.

B. Notice and Cure Period

In the event of a breach, the aggrieved Party shall give written notice of breach to the other Party. If the notified Party does not cure the breach, at its sole expense, within 30 days after the delivery of written notice, the Party may exercise any of the remedies as described in §14 for that Party. Notwithstanding any provision of this Agreement to the contrary, the State, in its discretion, need not provide notice or a cure period and may immediately terminate this Agreement in whole or in part or institute any other remedy in this Agreement in order to protect the public interest of the State.

14. REMEDIES

A. State's Remedies

If Grantee is in breach under any provision of this Agreement and fails to cure such breach, the State, following the notice and cure period set forth in §13.B., shall have all of the remedies listed in this §14.A. in addition to all other remedies set forth in this Agreement or at law. The State may exercise any or all of the remedies available to it, in its discretion, concurrently or consecutively.

i. Termination for Breach

In the event of Grantee's uncured breach, the State may terminate this entire Agreement or any part of this Agreement. Additionally, if Grantee fails to comply with any terms of the Federal Award, then the State may, in its discretion or at the direction of a Federal

Awarding Agency, terminate this entire Agreement or any part of this Agreement. Grantee shall continue performance of this Agreement to the extent not terminated, if any.

a. **Obligations and Rights**

To the extent specified in any termination notice, Grantee shall not incur further obligations or render further performance past the effective date of such notice, and shall terminate outstanding orders and subcontracts with third parties. However, Grantee shall complete and deliver to the State all Work not cancelled by the termination notice, and may incur obligations as necessary to do so within this Contract's terms. At the request of the State, Grantee shall assign to the State all of Grantee's rights, title, and interest in and to such terminated orders or subcontracts. Upon termination, Grantee shall take timely, reasonable and necessary action to protect and preserve property in the possession of Grantee but in which the State has an interest. At the State's request, Grantee shall return materials owned by the State in Grantee's possession at the time of any termination. Grantee shall deliver all completed Work Product and all Work Product that was in the process of completion to the State at the State's request.

b. **Payments**

Notwithstanding anything to the contrary, the State shall only pay Grantee for accepted Work received as of the date of termination. If, after termination by the State, the State agrees that Grantee was not in breach or that Grantee's action or inaction was excusable, such termination shall be treated as a termination in the public interest, and the rights and obligations of the Parties shall be as if this Agreement had been terminated in the public interest under §2.E.

c. **Damages and Withholding**

Notwithstanding any other remedial action by the State, Grantee shall remain liable to the State for any damages sustained by the State in connection with any breach by Grantee, and the State may withhold payment to Grantee for the purpose of mitigating the State's damages until such time as the exact amount of damages due to the State from Grantee is determined. The State may withhold any amount that may be due Grantee as the State deems necessary to protect the State against loss including, without limitation, loss as a result of outstanding liens and excess costs incurred by the State in procuring from third parties replacement Work as cover.

ii. **Remedies Not Involving Termination**

The State, in its discretion, may exercise one or more of the following additional remedies:

a. **Suspend Performance**

Suspend Grantee's performance with respect to all or any portion of the Work pending corrective action as specified by the State without entitling Grantee to an adjustment in price or cost or an adjustment in the performance schedule. Grantee shall promptly cease performing Work and incurring costs in accordance with the State's directive, and the State shall not be liable for costs incurred by Grantee after the suspension of performance.

b. **Withhold Payment**

Withhold payment to Grantee until Grantee corrects its Work.

c. **Deny Payment**

Deny payment for Work not performed, or that due to Grantee's actions or inactions, cannot be performed or if they were performed are reasonably of no value to the state; provided, that any denial of payment shall be equal to the value of the obligations not performed.

d. **Removal**

Demand immediate removal of any of Grantee's employees, agents, or Subcontractors from the Work whom the State deems incompetent, careless, insubordinate, unsuitable, or otherwise unacceptable or whose continued relation to this Agreement is deemed by the State to be contrary to the public interest or the State's best interest.

e. **Intellectual Property**

If any Work infringes, or if the State in its sole discretion determines that any Work is likely to infringe, a patent, copyright, trademark, trade secret or other intellectual property right, Grantee shall, as approved by the State (i) secure that right to use such Work for the State and Contractor; (ii) replace the Work with noninfringing Work or modify the Work so that it becomes noninfringing; or, (iii) remove any infringing Work and refund the amount paid for such Work to the State.

B. **Grantee's Remedies**

If the State is in breach of any provision of this Agreement and does not cure such breach, Grantee, following the notice and cure period in §13.B and the dispute resolution process in §15 shall have all remedies available at law and equity.

15. DISPUTE RESOLUTION

A. **Initial Resolution**

Except as herein specifically provided otherwise, disputes concerning the performance of this Agreement which cannot be resolved by the designated Agreement representatives shall be referred in writing to a senior departmental management staff member designated by the State and a senior manager designated by Grantee for resolution.

B. **Resolution of Controversies**

If the initial resolution described in §15.A fails to resolve the dispute within 10 Business Days, Grantee shall submit any alleged breach of this Agreement by the State to the Procurement Official of Colorado Department of Transportation as described in §24-101-301(30), C.R.S. for resolution following the same resolution of controversies process as described in §§24-106-109, 24-109-101.1, 24-109-101.5, 24-109-106, 24-109-107, 24-109-201 through 24-109-206, and 24-109-501 through 24-109-505, C.R.S., (the "Resolution Statutes"), except that if Grantee wishes to challenge any decision rendered by the Procurement Official, Grantee's challenge shall be an appeal to the executive director of the Department of Personnel and Administration, or their delegate, in the same manner as described in the Resolution Statutes before Grantee pursues any further action. Except as

otherwise stated in this Section, all requirements of the Resolution Statutes shall apply including, without limitation, time limitations regardless of whether the Colorado Procurement Code applies to this Agreement.

16. NOTICES AND REPRESENTATIVES

Each individual identified below shall be the principal representative of the designating Party. All notices required or permitted to be given under this Agreement shall be in writing, and shall be delivered (A) by hand with receipt required, (B) by certified or registered mail to such Party's principal representative at the address set forth below or (C) as an email with read receipt requested to the principal representative at the email address, if any, set forth below. If a Party delivers a notice to another through email and the email is undeliverable, then, unless the Party has been provided with an alternate email contact, the Party delivering the notice shall deliver the notice by hand with receipt required or by certified or registered mail to such Party's principal representative at the address set forth below. Either Party may change its principal representative or principal representative contact information by notice submitted in accordance with this §16 without a formal amendment to this Agreement. Unless otherwise provided in this Agreement, notices shall be effective upon delivery of the written notice.

For the State:

Scott Storie
Division of Aeronautics
5126 Front Range Parkway
Watkins, CO 80137
scott.storie@state.co.us
(303) 512-5251

For Grantee:

Angela Padalecki
Grand Junction Regional Airport
2828 Walker Field Dr. Ste 301, Grand
Junction Co, 81506
apadalecki@gjairport.com
(970) 244-9100

17. RIGHTS IN WORK PRODUCT AND OTHER INFORMATION

A. Work Product

i. Copyrights

To the extent that the Work Product (or any portion of the Work Product) would not be considered works made for hire under applicable law, Grantee hereby assigns to the State, the entire right, title, and interest in and to copyrights in all Work Product and all works based upon, derived from, or incorporating the Work Product; all copyright applications, registrations, extensions, or renewals relating to all Work Product and all works based upon, derived from, or incorporating the Work Product; and all moral rights or similar rights with respect to the Work Product throughout the world. To the extent that Grantee cannot make any of the assignments required by this section, Grantee hereby grants to the State a perpetual, irrevocable, royalty-free license to use, modify, copy, publish, display, perform, transfer, distribute, sell, and create derivative works of the Work Product and all works based upon, derived from, or incorporating the Work Product by all means and methods and in any format now known or invented in the future. The State may assign and license its rights under this license.

ii. Patents

In addition, Grantee grants to the State (and to recipients of Work Product distributed by or on behalf of the State) a perpetual, worldwide, no-charge, royalty-free, irrevocable patent license to make, have made, use, distribute, sell, offer for sale, import, transfer, and otherwise utilize, operate, modify and propagate the contents of

the Work Product. Such license applies only to those patent claims licensable by Grantee that are necessarily infringed by the Work Product alone, or by the combination of the Work Product with anything else used by the State.

iii. **Assignments and Assistance**

Whether or not Grantee is under contract with the State at the time, Grantee shall execute applications, assignments, and other documents, and shall render all other reasonable assistance requested by the State, to enable the State to secure patents, copyrights, licenses and other intellectual property rights related to the Work Product. The Parties intend the Work Product to be works made for hire. Grantee assigns to the State and its successors and assigns, the entire right, title, and interest in and to all causes of action, either in law or in equity, for past, present, or future infringement of intellectual property rights related to the Work Product and all works based on, derived from, or incorporating the Work Product.

B. **Exclusive Property of the State**

Except to the extent specifically provided elsewhere in this Agreement, any pre-existing State Records, State software, research, reports, studies, photographs, negatives or other documents, drawings, models, materials, data and information shall be the exclusive property of the State (collectively, "State Materials"). Grantee shall not use, willingly allow, cause or permit Work Product or State Materials to be used for any purpose other than the performance of Grantee's obligations in this Agreement without the prior written consent of the State. Upon termination of this Agreement for any reason, Grantee shall provide all Work Product and State Materials to the State in a form and manner as directed by the State.

C. **Exclusive Property of Grantee**

Grantee retains the exclusive rights, title, and ownership to any and all pre-existing materials owned or licensed to Grantee including, but not limited to, all pre-existing software, licensed products, associated source code, machine code, text images, audio and/or video, and third-party materials, delivered by Grantee under this Contract, whether incorporated in a Deliverable or necessary to use a Deliverable (collectively, "Grantee Property"). Grantee Property shall be licensed to the State as set forth in this Contract or a State approved license agreement: (i) entered into as exhibits to this Agreement, (ii) obtained by the State from the applicable third-party vendor, or (iii) in the case of open source software, the license terms set forth in the applicable open source license agreement.

18. GOVERNMENTAL IMMUNITY

Liability for claims for injuries to persons or property arising from the negligence of the State, its departments, boards, commissions committees, bureaus, offices, employees and officials shall be controlled and limited by the provisions of the GIA; the Federal Tort Claims Act, 28 U.S.C. Pt. VI, Ch. 171 and 28 U.S.C. 1346(b), and the State's risk management statutes, §§24-30-1501, *et seq.*, C.R.S.

19. STATEWIDE CONTRACT MANAGEMENT SYSTEM

If the maximum amount payable to Grantee under this Agreement is \$100,000 or greater, either on the Effective Date or at anytime thereafter, this §19 shall apply. Grantee agrees to be governed by and comply with the provisions of §§24-106-103, 24-102-206, 24-106-106, and 24-106-107, C.R.S. regarding the monitoring of vendor performance and the reporting of Agreement performance information in the State's Agreement management system ("Contract Management

System” or “CMS”). Grantee’s performance shall be subject to evaluation and review in accordance with the terms and conditions of this Agreement, Colorado statutes governing CMS, and State Fiscal Rules and State Controller policies.

20. GENERAL PROVISIONS

A. Assignment

Grantee’s rights and obligations under this Agreement are personal and may not be transferred or assigned without the prior, written consent of the State. Any attempt at assignment or transfer without such consent shall be void. Any assignment or transfer of Grantee’s rights and obligations approved by the State shall be subject to the provisions of this Agreement.

B. Subcontracts

Grantee shall not enter into any subgrant or subcontract in connection with its obligations under this Agreement.

C. Binding Effect

Except as otherwise provided in §20.A., all provisions of this Agreement, including the benefits and burdens, shall extend to and be binding upon the Parties’ respective successors and assigns.

D. Authority

Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party’s obligations have been duly authorized.

E. Captions and References

The captions and headings in this Agreement are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions. All references in this Agreement to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

F. Counterparts

This Agreement may be executed in multiple, identical, original counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

G. Entire Understanding

This Agreement represents the complete integration of all understandings between the Parties related to the Work, and all prior representations and understandings related to the Work, oral or written, are merged into this Agreement. Prior or contemporaneous additions, deletions, or other changes to this Agreement shall not have any force or effect whatsoever, unless embodied herein.

H. Jurisdiction and Venue

All suits or actions related to this Agreement shall be filed and proceedings held in the State of Colorado and exclusive venue shall be in the City and County of Denver.

I. Modification

Except as otherwise provided in this Agreement, any modification to this Agreement shall only be effective if agreed to in a formal amendment to this Agreement, properly executed and approved in accordance with applicable Colorado State law and State Fiscal Rules. Modifications permitted under this Agreement, other than Agreement amendments, shall conform to the policies issued by the Colorado State Controller.

J. Statutes, Regulations, Fiscal Rules, and Other Authority.

Any reference in this Agreement to a statute, regulation, State Fiscal Rule, fiscal policy or other authority shall be interpreted to refer to such authority then current, as may have been changed or amended since the Effective Date of this Agreement.

K. Order of Precedence

In the event of a conflict or inconsistency between this Agreement and any Exhibits or attachment such conflict or inconsistency shall be resolved by reference to the documents in the following order of priority:

- i. Colorado Special Provisions in §21 of the main body of this Agreement.
- ii. The provisions of the other sections of the main body of this Agreement.
- iii. Exhibit A, Discretionary Aviation Grant Application.
- iv. Exhibit B, Resolution.
- v. Exhibit C, Sample Option Letter.

L. Severability

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect, provided that the Parties can continue to perform their obligations under this Agreement in accordance with the intent of this Agreement.

M. Survival of Certain Agreement Terms

Any provision of this Agreement that imposes an obligation on a Party after termination or expiration of this Agreement shall survive the termination or expiration of this Agreement and shall be enforceable by the other Party.

N. Taxes

The State is exempt from federal excise taxes under I.R.C. Chapter 32 (26 U.S.C., Subtitle D, Ch. 32) (Federal Excise Tax Exemption Certificate of Registry No. 84-730123K) and from State and local government sales and use taxes under §§39-26-704(1), *et seq.*, C.R.S. (Colorado Sales Tax Exemption Identification Number 98-02565). The State shall not be liable for the payment of any excise, sales, or use taxes, regardless of whether any political subdivision of the state imposes such taxes on Grantee. Grantee shall be solely responsible for any exemptions from the collection of excise, sales or use taxes that Grantee may wish to have in place in connection with this Agreement.

O. Third Party Beneficiaries

Except for the Parties' respective successors and assigns described in §20.A., this Agreement does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties. Enforcement of this Agreement and all rights and obligations hereunder are

reserved solely to the Parties. Any services or benefits which third parties receive as a result of this Agreement are incidental to this Agreement, and do not create any rights for such third parties.

P. Waiver

A Party's failure or delay in exercising any right, power, or privilege under this Agreement, whether explicit or by lack of enforcement, shall not operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise of such right, power, or privilege.

Q. CORA Disclosure

To the extent not prohibited by federal law, this Agreement and the performance measures and standards required under §24-106-107, C.R.S., if any, are subject to public release through the CORA.

R. Standard and Manner of Performance

Grantee shall perform its obligations under this Agreement in accordance with the degree of care, skill and diligence in the industry, trades or profession and in the sequence and manner set forth in this Grant.

S. Licenses, Permits, and Other Authorizations.

Grantee shall secure, prior to the Effective Date, and maintain at all times during the term of this Agreement, at its sole expense, all licenses, certifications, permits, and other authorizations required to perform its obligations under this Agreement, and shall ensure that all employees, agents and Subcontractors secure and maintain at all times during the term of their employment, agency or Subcontractor, all license, certifications, permits and other authorizations required to perform their obligations in relation to this Agreement.

21. COLORADO SPECIAL PROVISIONS (COLORADO FISCAL RULE 3-1)

These Special Provisions apply to all contracts except where noted in italics.

A. CONTROLLER'S APPROVAL. §24-30-202(1), C.R.S.

This Agreement shall not be valid until it has been approved by the Colorado State Controller or designee.

B. FUND AVAILABILITY. §24-30-202(5.5), C.R.S.

Financial obligations of the State payable after the current State Fiscal Year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.

C. GOVERNMENTAL IMMUNITY.

No term or condition of this Agreement shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, of the Colorado Governmental Immunity Act, §24-10-101, *et seq.*, C.R.S., or the Federal Tort Claims Act, 28 U.S.C. Pt. VI, Ch. 171 and 28 U.S.C. 1346(b).

D. INDEPENDENT CONTRACTOR

Grantee shall perform its duties hereunder as an independent contractor and not as an employee. Neither Grantee nor any agent or employee of Grantee shall be deemed to be an agent or employee of the State. Grantee and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State

shall not pay for or otherwise provide such coverage for Grantee or any of its agents or employees. Unemployment insurance benefits will be available to Grantee and its employees and agents only if such coverage is made available by Grantee or a third party. Grantee shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this Agreement. Grantee shall not have authorization, express or implied, to bind the State to any agreement, liability or understanding, except as expressly set forth herein. Grantee shall (i) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (ii) provide proof thereof when requested by the State, and (iii) be solely responsible for its acts and those of its employees and agents.

E. COMPLIANCE WITH LAW.

Grantee shall strictly comply with all applicable federal and State laws, rules, and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.

F. CHOICE OF LAW.

Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this Agreement. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this Agreement, to the extent capable of execution.

G. BINDING ARBITRATION PROHIBITED.

The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this Agreement or incorporated herein by reference shall be null and void.

H. SOFTWARE PIRACY PROHIBITION. Governor's Executive Order D 002 00.

State or other public funds payable under this Agreement shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. Grantee hereby certifies and warrants that, during the term of this Agreement and any extensions, Grantee has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that Grantee is in violation of this provision, the State may exercise any remedy available at law or in equity or under this Agreement, including, without limitation, immediate termination of this Agreement and any remedy consistent with federal copyright laws or applicable licensing restrictions.

I. EMPLOYEE FINANCIAL INTEREST/CONFLICT OF INTEREST. §§24-18-201 and 24-50-507, C.R.S.

The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this Agreement. Grantee has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of Grantee's services and Grantee shall not employ any person having such known interests.

J. VENDOR OFFSET. §§24-30-202(1) and 24-30-202.4, C.R.S.

[Not applicable to intergovernmental agreements] Subject to §24-30-202.4(3.5), C.R.S., the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (i) unpaid child support debts or child support arrearages; (ii) unpaid balances of tax, accrued interest, or other charges specified in §§39-21-101, *et seq.*, C.R.S.; (iii) unpaid loans due to the Student Loan Division of the Department of Higher Education; (iv) amounts required to be paid to the Unemployment Compensation Fund; and (v) other unpaid debts owing to the State as a result of final agency determination or judicial action.

K. PUBLIC CONTRACTS FOR SERVICES. §§8-17.5-101, *et seq.*, C.R.S.

[Not applicable to agreements relating to the offer, issuance, or sale of securities, investment advisory services or fund management services, sponsored projects, intergovernmental agreements, or information technology services or products and services] Grantee certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who will perform work under this Agreement and will confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this Agreement, through participation in the E-Verify Program established under Pub. L. 104-208 or the State verification program established pursuant to §8-17.5-102(5)(c), C.R.S., Grantee shall not knowingly employ or contract with an illegal alien to perform work under this Agreement or enter into a contract with a Subcontractor that fails to certify to Grantee that the Subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this Agreement. Grantee (i) shall not use E-Verify Program or State program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed, (ii) shall notify the Subcontractor and the contracting State agency within 3 days if Grantee has actual knowledge that a Subcontractor is employing or contracting with an illegal alien for work under this Agreement, (iii) shall terminate the subcontract if a Subcontractor does not stop employing or contracting with the illegal alien within 3 days of receiving the notice, and (iv) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to §8-17.5-102(5), C.R.S., by the Colorado Department of Labor and Employment. If Grantee participates in the State program, Grantee shall deliver to the contracting State agency, Institution of Higher Education or political subdivision, a written, notarized affirmation, affirming that Grantee has examined the legal work status of such employee, and shall comply with all of the other requirements of the State program. If Grantee fails to comply with any requirement of this provision or §§8-17.5-101 *et seq.*, C.R.S., the contracting State agency, institution of higher education or political subdivision may terminate this Agreement for breach and, if so terminated, Grantee shall be liable for damages.

L. PUBLIC CONTRACTS WITH NATURAL PERSONS. §§24-76.5-101, *et seq.*, C.R.S.

Grantee, if a natural person 18 years of age or older, hereby swears and affirms under penalty of perjury that he or she (i) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (ii) shall comply with the provisions of §§24-76.5-101 *et seq.*, C.R.S., and (iii) has produced one form of identification required by §24-76.5-103, C.R.S. prior to the Effective Date of this Agreement.

EXHIBIT A, DISCRETIONARY AVIATION GRANT APPLICATION



Colorado Division of Aeronautics Discretionary Aviation Grant Application

APPLICANT INFORMATION

APPLICANT SPONSOR: Grand Junction Regional Airport Authority	AIRPORT: Grand Junction Regional Airport	IDENTIFIER: GJT
PROJECT DIRECTOR: Angela Padalecki		
MAILING ADDRESS: 2828 Walker Field Dr. Ste 301, Grand Junction Co, 81506	EMAIL ADDRESS:	apadalecki@gjairport.com
	PHONE NUMBER:	(970) 244-9100

GRANT NAME AND TERMS

19-GJT-101	TERMS	
	Execution Date:	Expiration Date: June 30, 2020

FUNDING SUMMARY

Funding Source	Funding Amount
State Aviation Grant:	\$16,640.00
Local Cash:	\$16,640.00
Local In-Kind:	\$0.00
Federal Aviation Grant:	\$0.00
Total Project Funding:	\$33,280.00

PROJECT SCHEDULE & BUDGET

ELEMENT DESCRIPTION	STATE FUNDING		LOCAL FUNDING		FEDERAL FUNDING		TOTAL
A. Airport Business Internship	\$16,640.00	Up to 50.00 %	\$16,640.00	50.00	\$0.00	0.00	\$33,280.00
TOTALS	\$16,640.00		\$16,640.00		\$0.00		\$33,280.00

EXHIBIT B, RESOLUTION

RESOLUTION

WHEREAS:

The General Assembly of the State of Colorado declared in Title 43 of the Colorado Revised Statutes, Article 10, 1991 in CRS §43-10-101 (the Act) "... that there exists a need to promote the safe operations and accessibility of general aviation in this state; that improvements to general aviation transportation facilities will promote diversified economic development across the state; and that accessibility to airport facilities for residents of this state is crucial in the event of a medical or other type of emergency..."

The Act created the Colorado Aeronautical Board ("the Board") to establish policy and procedures for distribution of monies in the Aviation Fund and created the Division of Aeronautics ("the Division") to carry out the directives of the Board, including technical and planning assistance to airports and the administration of the state aviation system grant program. SEE CRS §43-10-103 and C.R.S. §43-10-105 and CRS §43-10-108.5 of the Act.

Any eligible entity operating as defined in the Division's Programs and Procedures Manual ("the Manual") may file an application for and be the recipient of a grant to be used solely for aviation purposes. The Division is authorized to assist such airports as request assistance by means of a Resolution passed by the applicant's duly-authorized governing body, which understands that all funds shall be used exclusively for aviation purposes and that it will comply with all grant procedures and requirements as defined in the the Manual.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Grand Junction Regional Airport Authority, as a duly authorized governing body of the grant applicant, hereby formally requests assistance from the Colorado Aeronautical Board and the Division of Aeronautics in the form of a state aviation system grant. The Grand Junction Regional Airport Authority states that such grant shall be used solely for aviation purposes, as determined by the State, and as generally described in the Application.

Each airport-operating entity that applies for and accepts a grant thereby makes a **COMMITMENT** to keep the airport facility accessible to, and open to, the public during the entire useful life of the grant funded improvements/ equipment; or b) to reimburse the Division for any unexpired useful life of the improvements/ equipment, or a pro-rata basis.

By signing this Grant Agreement, the applicant commits to keep open and accessible for public use all grant funded facilities, improvements and services for their useful life, as determined by the Division and stated in the Grant Agreement.

FURTHER BE IT RESOLVED:

That the Grand Junction Regional Airport Authority hereby designates Angela Padalecki as the Project Director, as described in the Manual and authorizes the Project Director to act in all matters relating to the work project proposed in the Application in its behalf, including executions of the Grant Agreement and any amendments.

FURTHER:

The Grand Junction Regional Airport Authority has appropriated or will otherwise make available in a timely manner all funds, if any, that are required to be provided by the Applicant under the terms and conditions of the Grant Agreement.

FINALLY:

The Grand Junction Regional Airport Authority hereby accepts all guidelines, procedures, standards, and requirements described in the Manual as applicable to the performance of the grant work and hereby approves the Grant Agreement submitted by the State, including all terms and conditions contained therein.

By: _____
Please print name and title

Date: _____

ATTEST (if needed)

By: Please print name and title

EXHIBIT C, SAMPLE OPTION LETTER

State Agency Colorado Department of Transportation, Colorado Aeronautical Board, Division of Aeronautics	Option Letter Number Insert the Option Number (e.g. "1" for the first option)
Grantee Grand Junction Regional Airport Authority	Original Agreement Number Insert CMS number or Other Contract Number of the Original Contract
Current Agreement Maximum Amount Initial Funding State: \$0.00 Modifications Option Letter 1 \$0.00 Option Letter 2 \$0.00 Option Letter 3 \$0.00 Option Letter 4 \$0.00	Option Agreement Number Insert CMS number or Other Contract Number of this Option
Modified Agreement Maximum Amount \$0.00	Agreement Performance Beginning Date The later of the Effective Date or Month Day, Year
	Current Agreement Expiration Date Month Day, Year

1. OPTIONS:

- A. Option to extend for an Extension Term and/or add additional funds.

2. REQUIRED PROVISIONS:

- A. For use with Option 1(A): In accordance with Section(s) Number of the Original Agreement referenced above, the State hereby exercises its option for an additional term, beginning Insert start date and ending on the current Agreement expiration date shown above, at the rates stated in the Original Agreement, as amended.
- B. For use with Options 1(A): In accordance with Section(s) Number of the Original Agreement referenced above, the State hereby exercises its option to Increase/Decrease the grant maximum amount for a change in services as stated in the Original Agreement, as amended.
- C. For use with all Option Letters: The Agreement Maximum Amount table on the Agreement's Signature and Cover Page is hereby deleted and replaced with the Current Agreement Maximum Amount table shown above and Exhibit A is hereby deleted and replaced with Exhibit A-# incorporated and attached hereto.

3. OPTION EFFECTIVE DATE:

- A. The effective date of this Option Letter is upon approval of the State Controller, whichever is later.

<p style="text-align: center;">STATE OF COLORADO Jared S. Polis, Governor Department of Transportation</p> <hr style="width: 80%; margin: 20px auto;"/> <p>By: David R. Ulane, Aeronautics Division Director for Shoshana M. Lew, Executive Director</p> <p style="margin-top: 20px;">Date: _____</p>	<p style="text-align: center;">In accordance with §24-30-202, C.R.S., this Option is not valid until signed and dated below by the State Controller or an authorized delegate.</p> <p style="text-align: center;">STATE CONTROLLER Robert Jaros, CPA, MBA, JD</p> <p style="margin-top: 20px;">By: _____ Department of Transportation Liliya Gershman, Accounting Controller</p> <p style="margin-top: 20px;">Option Effective Date: _____</p>
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GRAND JUNCTION REGIONAL AIRPORT

RESOLUTION NO. 2019-003

A Resolution of the Grand Junction Regional Airport Authority
Authorizing Executive Director to Sign a Grant Agreement with
the Colorado Department of Transportation,
Colorado Aeronautical Board - Division of Aeronautics

WHEREAS, the General Assembly of the State of Colorado declared in Title 43 of the Colorado Revised Statutes, Article 10, 1991 in CRS §43-10-101 (the Act) "... that there exists a need to promote the safe operations and accessibility of general aviation in this state; that improvements to general aviation transportation facilities will promote diversified economic development across the state; and that accessibility to airport facilities for residents of this state is crucial in the event of a medical or other type of emergency..."; and

WHEREAS, the Act created the Colorado Aeronautical Board ("the Board") to establish policy and procedures for distribution of monies in the Aviation Fund and created the Division of Aeronautics ("the Division") to carry out the directives of the Board, including technical and planning assistance to airports and the administration of the state aviation system grant program. SEE CRS §43-10-103 and C.R.S. §43-10-105 and CRS §43-10-108.5 of the Act; and

WHEREAS, any entity operating a public-accessible airport in the state may file an application for and be recipient of a grant to be used solely for aviation purposes. The Division is authorized to assist such airports as request assistance by means of a Resolution passed by the applicant's duly-authorized governing body, which understands that all funds shall be used exclusively for aviation purposes and that it will comply with all grant procedures and requirements as defined in the Division's Aviation Grant Management Manual, revised 2009, ("the Manual").

NOW, THEREFORE, IT IS RESOLVED that the Grand Junction Regional Airport Authority, as a duly authorized governing body of the grant applicant, hereby formally requests assistance from the Colorado Aeronautical Board and the Division of Aeronautics in the form of a state aviation system grant. The Grand Junction Regional Airport Authority states that such grant shall be used solely for aviation purposes, as determined by the State, and as generally described in the Application.

IT IS FURTHER RESOLVED that each airport-operating entity that applies for and accepts a grant thereby makes a COMMITMENT to keep the airport facility accessible to, and open to, the public during the entire useful life of the grant funded improvements/ equipment; or b) to reimburse the Division for any unexpired useful life of the improvements/ equipment, or a pro-rata basis.

IT IS FURTHER RESOLVED that by signing this grant agreement, the applicant commits to keep open and accessible for public use all grant funded facilities, improvements and services for their useful life, as determined by the Division and stated in the Grant Agreement.

IT IS FURTHER RESOLVED that the Grand Junction Regional Airport Authority hereby designates Angela Padalecki as the Project Director, as described in the Manual and authorizes the Project Director to act in all matters relating to the work project proposed in the Application in its behalf, including executions of the grant contract and any amendments.

IT IS FURTHER RESOLVED that the Grand Junction Regional Airport Authority has appropriated or will appropriate or otherwise make available in a timely manner all funds, if any, that are required to be provided by the Applicant under the terms and conditions of the grant contract.

IT IS FURTHER RESOLVED that the Grand Junction Regional Airport Authority hereby accepts all guidelines, procedures, standards, and requirements described in the Manual as applicable to the performance of the grant work and hereby approves the grant agreement submitted by the State, including all terms and conditions contained therein.

PASSED AND ADOPTED this ____ day of _____ 2019.

Victoria Hightower, Clerk

Chairman

Board Members Voting AYE

Board Members Voting NAY

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Board Resolution to Revise Bond Project Estimates		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	To approve Resolution 2019-004, a Resolution of the Board of Commissioners of the Grand Junction Regional Airport Authority, amending Resolution No. 2016-007 to amend the capital improvements to Airport facilities to be financed by proceeds of the Authority's General Airport Revenue and Refunding Bonds, 2016A (Non-AMT).		
SUMMARY:	The scope and estimated costs for projects to be funded by proceeds of the Authority's General Airport Revenue Bonds have been revised since Resolution No. 2016-007 was approved by the Board and the bonds were issued. Bond Counsel confirmed the description of the projects remains consistent with federal tax regulations and qualify for governmental use (signed Bond Counsel letter attached).		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	N/A		
ATTACHMENTS:	Resolution and signed letter from Bond Counsel		
STAFF CONTACT:	Angela Padalecki apadalecki@gairport.com Phone: 970-248-8588		

RESOLUTION NO. 2019-004

A RESOLUTION of the Board of Commissioners of the Grand Junction Regional Airport Authority, amending Resolution No. 2016-007 to amend the capital improvements to Airport facilities to be financed by proceeds of the Authority's General Airport Revenue and Refunding Bonds, 2016A (Non-AMT).

WHEREAS, the Board of Commissioners (the "Board") of the Grand Junction Regional Airport Authority, Mesa County, Colorado (the "Authority") adopted Resolution No. 2016-007 on October 18, 2016 (the "Bond Resolution"), authorizing the issuance and sale of revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed \$24,000,000, for the purpose of refunding certain outstanding revenue bonds of the Authority and to finance certain capital improvements to Airport facilities of the Authority (defined therein as the "Project"); and

WHEREAS, pursuant to the terms of the Bond Resolution, the Authority issued its General Airport Revenue and Refunding Bonds, 2016A (Non-AMT) in the aggregate principal amount of \$16,975,000 (the "2016A Bonds") and its General Airport Revenue and Refunding Bonds, 2016B (Taxable) in the aggregate principal amount of \$2,695,000 (the "2016B Bonds"), November 22, 2016; and

WHEREAS, as a result of changing circumstances, the Authority has determined that it will be more cost effective to make certain modifications to the Projects to be undertaken; and

WHEREAS, the purpose of this amendatory resolution is to formalize the modifications to the definition of the Projects;

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE GRAND JUNCTION REGIONAL AIRPORT AUTHORITY, MESA COUNTY, COLORADO, as follows:

Section 1. Amendment to Section 1 of Resolution No. 2016-007. The term ***Project*** in Section 1 of the Bond Resolution is hereby amended to read as follows (additions are underscored and deletions stricken):

Project means, collectively, (i) the renovation of the Airport's Terminal Building in order to meet including, but not limited to, addressing building code, health and life safety requirements and improving Airport employee office space and public restrooms and (ii) undertaking the replacement relocation of the Airport's existing primary runway.

Section 2. Amendment to Section 2 of Resolution No. 2016-007. Section 2 of the Bond Resolution is hereby amended to read as follows (additions are underscored and deletions stricken):

Section 2. Plan of Finance. The Airport's main Terminal Building is in need of renovation ~~in order to meet~~ including, but not limited to, addressing building code and health and life safety requirements and improving Airport employee office space and public restrooms and the Authority has determined to replace ~~relocate~~ the Airport's existing primary runway (collectively, the "Project"). ~~The current total estimated cost of the Terminal Building portion of the Project is \$8,481,080. The current projected Project costs are approximately \$5,500,000 for Terminal renovations, \$500,000 for Airport employee office space and public restrooms, and \$3,000,000 for matching grant funds for the primary runway replacement for a total Project cost of \$9,000,000.~~ The expectation is the net new money portion of the Bonds will be \$9,000,000, and the balance of the proceeds, not expended on the Terminal Building will be spent on the runway relocation portion of the Project. The 2007 Bonds mature and/or are callable in whole or in part prior to their scheduled maturities, and the Board hereby finds that the refunding of the 2007 Bonds will result in substantial savings to the Authority.

Section 3. Confirmation of Resolution No. 2016-007, as amended. As amended by this resolution, the Bond Resolution is hereby ratified, approved and confirmed.

Section 4. Recording and Authentication. Immediately on its passage this resolution shall be recorded in the records of the Authority kept for that purpose and shall be authenticated by the signatures of the Chairman or Vice Chairman and Clerk or Deputy Clerk of the Board.

Section 5. Effective Date. This resolution shall be effective immediately upon its adoption.

ADOPTED AND APPROVED this ____ day of _____, 2019.

Chairman

Commissioner

(S E A L)

ATTESTED:

Clerk

CERTIFICATE

I, the undersigned, Clerk of the Board of Commissioners (the “Board”) of the Grand Junction Regional Airport Authority (the “Authority”), DO HEREBY CERTIFY:

1. That the attached resolution numbered 2019-004 (the “Resolution”), is a true and correct copy of a resolution of the Authority, as finally adopted at a meeting of the Board held on the ____ day of _____, 2019, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2019.

Clerk

February 15, 2019

Cynthia M. Weed
Cynthia.Weed@klgates.com

VIA EMAIL AND U.S. MAIL

T +1 206 370 7801
F +1 206 370 6201

Angela Padalecki
Executive Director
Grand Junction Regional Airport
2828 Walker Field Drive
Grand Junction, CO 81506

Re: Grand Junction Regional Airport Authority ("Authority") General Airport Revenue
and Refunding Bonds, 2016A (Non-AMT) (the "Bonds")

Dear Angela:

As you know, our firm acted as bond counsel to the Authority in connection with its issuance of the Bonds. The Bonds were authorized to be issued by the Authority's Resolution No. 2016-007 (the "Bond Resolution").

The Bond Resolution defined the originally intended use of funds. The Projects included the renovation of the Airport's Terminal Building in order to meet building code, health and life safety requirements and relocation of the Airport's existing primary runway. In recent communications, you indicated that the Authority is considering a somewhat revised allocation of the Project expenditures:

\$5.5 million – Terminal renovations;

\$0.5 million – Airport employee office space and public restroom renovation in the Terminal; and

\$3.0 million – primary runway replacement (part of our 10% match for the FAA AIP grants).

To the extent that you believe that the description of the revised allocation is a deviation from the Project description (as originally approved by the Board), the Bond Resolution may be amended to clarify the details of the Projects.

In addition, the use of the proceeds is required to comply not only with the underlying Bond Resolution but also federal tax law. The description of the Projects, as we discussed, is consistent with federal tax regulations relating to governmental (Non-AMT) bonds. The Airport employee space and the primary runway replacements are considered to be qualified

governmental use. With respect to the Terminal renovations, all renovations to public areas qualify. Proceeds should not be used to renovate Airline ticket counter space (consider any areas leased to Airline use) rental company ticket counter or office space, space to federal agencies or any improvements beyond the TSA checkpoint.

If you have any further or additional questions, please do not hesitate to email or call. We always look forward to hearing from you.

Very truly yours,

K&L GATES LLP

K&L Gates LLP

CMW:lhv

cc: (via email only) - Karl J. Hanlon, Attorney

2070727.00001/Airport Revenue and Ref Bonds 2016ALtr Jan 9 2019.docx

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Consideration of formal support for increased funding for Emergency Services affecting the Airport		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	N/A		
SUMMARY:	<p>The Board gave direction at its' February 12, 2019 work session to place an action item on the agenda to consider formally supporting increased funding for Emergency Services. Currently the Board does not have a formal policy regarding supporting matters of public interest or concern. The Board did adopt a formal resolution supporting the Grand Junction lodging tax increase which was ultimately approved by voters in November 2018. It is within the Board's discretion to either:</p> <ol style="list-style-type: none">1. Take a formal position on Ballot Measure 2B2. Take a formal position on more generally supporting increased funding for emergency services3. Take a position in opposition4. Take no position at all <p>If the Board is inclined to take a formal position Legal Counsel recommends they take action at the February 19, 2019 Board meeting giving direction to Legal Counsel to prepare for the Chairman's signature a resolution stating their position.</p>		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	N/A		
ATTACHMENTS:	N/A		
STAFF CONTACT:	Angela Padalecki apadalecki@gairport.com Phone: 970-248-8588		

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Aeronautical Use Ground Lease Agreement Amendments		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input checked="" type="checkbox"/>	Decision <input type="checkbox"/>
RECOMMENDATION:	Staff requests feedback from the Board on the proposed Amendments to the Standard Aeronautical-Use Ground Lease Agreement so we can incorporate any recommended changes and propose a final document for adoption at the March Board meeting.		
SUMMARY:	<p>Based on the results of the ground lease benchmarking that was presented at the December board meeting, staff have worked with Legal Counsel to revise the standard ground lease for the following changes:</p> <ol style="list-style-type: none">1. The total available lease term will be 30 years instead of 50. The terms will be based on a 20-year base term with two, five-year options to renew.2. We have removed the requirement for tenants to place a security deposit with the airport for ground leases.3. We have re-arranged the lease document so that all terms that would typically be covered by standard airport Rules and Regulations will be included as an addendum to the lease. This is anticipation of the airport adopting Rules and Regulations in the future so the leases can refer to that document, rather than updating individual lease terms for each change.		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	N/A		
ATTACHMENTS:	Draft Aeronautical Use Ground Lease Agreement		
STAFF CONTACT:	Sarah Menge smenge@gjairport.com Phone: 970-248-8581		

AERONAUTICAL USE GROUND LEASE

Grand Junction Regional Airport

Grand Junction, Colorado

Between

GRAND JUNCTION REGIONAL AIRPORT AUTHORITY

2828 Walker Field Drive

Grand Junction, CO 81506

("GJRAA")

And

("Lessee")

Dated: _____

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APPENDIX I

AERONAUTICAL USE GROUND LEASE

This Aeronautical Use Ground Lease (the "Lease") is made and entered into on the date set forth in Paragraph 1.1, below, by and between the **GRAND JUNCTION REGIONAL AIRPORT AUTHORITY** ("GJRAA"), formerly known as the Walker Field Public Airport Authority, a body corporate and politic and constituting a subdivision of the State of Colorado, and the Lessee as that term is defined in Paragraph 1.2, below.

Recitals

A. WHEREAS, the GJRAA is owner and operator of the Grand Junction Regional Airport and is authorized to enter into this Lease pursuant to C.R.S. § 41-3-101, *et seq.*;

B. WHEREAS, Lessee desires to lease a portion of the Grand Junction Regional Airport for aeronautical uses, which may include the construction and occupation of an aircraft hangar or other structure, or if already constructed, the occupation of an aircraft hangar or other structure; and

C. WHEREAS, the GJRAA desires to lease ground at the Grand Junction Regional Airport to Lessee and Lessee desires to lease ground and use the Grand Junction Regional Airport under the terms and conditions of this Lease, as well as any other applicable law and regulation.

NOW, THEREFORE, for and in v consideration of the fees, covenants, and agreements contained herein, and for other good and valuable consideration, it is agreed and understood between the GJRAA and Lessee that:

ARTICLE 1: BASIC LEASE INFORMATION

In addition to the terms defined elsewhere in this Lease, the following defined terms are used in this Lease as well. To the extent there is any conflict between the basic information contained in Article 1, below, and more detailed information contained elsewhere in this Lease, the more detailed information shall prevail.

1.1 Date of Mutual Execution.

1.2 Lessee.

1.3 Lessee's Trade Name.

1.4 Lessee's Address and Telephone Number.

1.5 GJRAA'S Address and Telephone Number.

| ~~800 Eagle Drive~~ 2828 Walker Field Drive, Grand Junction, Colorado 81506; (970) 244-9100.

1.6 Airport:

The Grand Junction Regional Airport, which was formerly known as the Walker Field Airport, and which is located in Grand Junction, Mesa County, Colorado.

1.7 Commencement Date.

(START DATE OF THIS LEASE)

1.8 Expiration Date.

(DATE SHOULD BE THE ORIGINAL EXPIRATION DATE OF THE ORIGINAL LEASE - USUALLY 20 YEARS)

1.9 Initial Minimum Insurance Coverage Amount.

~~Automobile, general liability, bodily injury and property damage insurance, written on an occurrence basis, with a limit of \$1,000,000 per occurrence, and which names the GJRAA as an additional insured. (See paragraph 8.1.1 below). Minimum insurance requirements are addressed in Appendix I, Article 4.~~

1.10 Rent.

Rent shall include both the Monthly Ground Rent, as altered from time to time, pursuant to ~~paragraph~~ Paragraph 4.1 of this Lease, and other fees described in ~~paragraph~~ Paragraph 4.3 of this Lease.

1.11 Monthly Ground Rent.

The Monthly Ground Rent shall initially be \$ (THIS SHALL BE AT THE MARKET RATE SET BY THE AUTHORITY) per year, paid monthly at \$ _____, based on the area of the Premises, other than the Object Free Area ("OFA"). Lessee will not be obligated to pay rent for the OFA, but Lessee will be responsible for all maintenance and other improvements required for the OFA. For the remaining (non-OFA) area of _____ square feet of the Premises, (_____ - _____ = _____) the above rent will be calculated as follows: \$ _____ per square foot x _____ square feet = \$ _____ □ 12 months = \$ _____.

1.12 Permitted Uses.

The permitted uses shall include the construction and/or occupation of a hangar and/or other structure subject to the provisions of this Lease, which together with the Premises themselves, shall be used primarily for aeronautical purposes, including, but not limited to, the parking, storing and maintaining aircraft owned or leased by Lessee or other third parties, other activities associated with aircraft ownership, and aeronautical-related businesses. The permitted uses shall exclude the sale and provision of fuel to aircraft. Lessee shall use and occupy the Leased Premises for no other purposes whatsoever unless approved in writing by GJRAA, including but not limited to the conduct of nonaeronautical business and the storage of personal automobiles, boats, recreational vehicles, hazardous substances, or any other predominately non-aeronautical use.

1.13 Premises.

The property shown on the attached **Exhibits A and B** and any Improvements existing thereon when Lessee first takes possession, which is also known as (ADDRESS).

1.14 Premises Square Footage.

The Premises consist of a total of _____ square feet, which includes _____ square feet of OFA and _____ square feet of other area

1.15 Date to Complete Improvements.

(INSERT DATE IF APPLICABLE)

1.16 Additional Provisions.

(INSERT IF APPLICABLE)

1.17 Improvements.

Improvements shall include the aircraft hangar or other structure that has been constructed and erected, or which is to be constructed or erected on the Premises, as well as all hangar flooring, lighting, paving, fencing, grating and surfacing, underground and overhead wires, doors, cables, pipes, tanks and drains, and all property of every kind and nature, which is attached to the Premises or which may not be removed without material injury to the Premises.

1.18 Minimum Standards.

"Minimum Standards" shall mean the most current and up-to-date version of the Requirements and Minimum Standards for Commercial Aeronautical Services and Activities for Walker Field Airport, Grand Junction, Colorado as amended from time to time. ~~The version of the Minimum Standards in effect on the date this Lease was adopted by the GJRAA Board of Commissioners on December 19, 2000 and was last revised on July 19, 2005.~~

~~1.19 Security Deposit.~~

~~(THIS WILL BE AN AMOUNT EQUAL TO FOUR (4) TIMES THE MONTHLY RENTAL SET FORTH ABOVE)~~

ARTICLE 2: LEASE OF PREMISES & AIRPORT; QUIET ENJOYMENT

2.1 Use of Premises.

In consideration of the payment of the Rent and the keeping and performance of the covenants and agreements by Lessee as stated herein, the GJRAA does hereby lease to Lessee the Premises, including any and all rights, privileges, easements, and appurtenances now or hereafter belonging to the Premises, subject, however, to all liens, easements, restrictions, and other encumbrances of record, ~~section~~ Section 1.12 of this Agreement, and GJRAA's Grant Assurances

[to the Federal Aviation Administration \("FAA"\)](#). Lessee leases the Premises in an "as is" and "with all faults" condition, without any express or implied warranties or representations from the GJRAA that the Premises, or any portions thereof, are suitable for a particular purpose, or can accommodate any particular weight or size of aircraft.

2.2 Use of Airport.

Lessee is also granted the non-exclusive right to utilize such Airport runways, taxiways, taxi lanes, and public use aprons ("airfield areas"), and such other rights-of-way and access across the Airport ("Airport rights-of-way") as necessary for ingress and egress to the Premises, and to the extent necessary to enable Lessee to provide the Permitted Uses from the Premises. Lessee's use of said airfield areas and other Airport rights-of-way shall be on a non-exclusive, non-preferential basis with other authorized users thereof. Lessee shall abide by all directives of the GJRAA, ~~the Federal Aviation Administration ("FAA")~~, the Transportation Security Administration ("TSA"), and any other governmental entity having jurisdiction over the Airport governing Lessee's use of said airfield areas and other Airport rights-of-way, either alone or in conjunction with other authorized users thereof.

2.3 Quiet Enjoyment.

Upon the payment of Rent when due, as well as upon the payment of any other fees when due, and upon the performance of any and all other conditions stated herein, Lessee shall peaceably have, possess and enjoy the Premises and other rights granted herein, without hindrance or disturbance from the GJRAA, subject to the GJRAA's rights as discussed herein and/or pursuant to any applicable law or regulation.. Notwithstanding the provision set forth in the preceding sentence or any other provision of this Lease, the GJRAA and any Lessee of the GJRAA shall have the right to traverse that portion of the Premises not occupied by a hangar or other structure, if the GJRAA, in its sole discretion, believes that such access is necessary or desirable for the efficient operations of the Airport, the GJRAA, or another Lessee.

2.4 Inspection by GJRAA.

The GJRAA, through its authorized agents, shall have the right, at all reasonable times, and after notice to Lessee when practical, to enter upon the Premises to inspect, to observe the performance by Lessee of its obligations hereunder, and to do any act which the GJRAA may be obligated to do or have the right to do under this Lease, any other agreement to which the GJRAA is a party, or pursuant to any applicable law or regulation. Without diminishing the GJRAA's rights to inspect and perform under this ~~paragraph~~[Paragraph](#), the acts of the GJRAA shall not unduly burden or interfere with Lessee's operations on the Premises.

ARTICLE 3: LEASE TERM AND OPTIONS

3.1 Term.

Subject to earlier termination as hereinafter provided, the primary term of this Lease shall be the period between the Commencement Date set forth in ~~paragraph~~[Paragraph](#) 1.7 above and the

Expiration Date set forth in ~~paragraph~~Paragraph 1.8 above (the "Primary Term")- but in no case greater than twenty (20) years.

3.2 Option to Renew.

Subject to the provisions hereof, upon expiration of the Primary Term of this Lease, and if and only if Lessee is not in material default beyond applicable cure periods under this Lease, Lessee shall have the option to renew this Lease for one (1) additional term of ten ~~(10)five (5)~~ years following the expiration of the Primary Term. Lessee's option to renew may be exercised by delivering written notice to the GJRAA between twelve (12) and eighteen (18) months prior to end of the Primary Term of this Lease.

3.3 Additional Option Terms.

In addition to the option term provided in Section 3.2 above, Lessee shall have ~~up to four (4)~~ one (1) additional options to extend the term of this Lease for five (5) years ~~each~~ (an "Additional Option"). However, the total of the Primary Term and all option terms of this Lease shall not exceed ~~50~~30-years. The GJRAA shall offer an Additional Option to a Lessee if, and only if:

3.3.1 such Lessee requests the same at least 120 days prior to the expiration of the then-current option ~~or Additional Option term~~, and

3.3.2 the GJRAA Board of Commissioners has not previously found, or found within sixty (60) days after such request by the Lessee, or by the close of the GJRAA Board of Commissioner's next regular Board meeting, whichever is later in time, that:

(a) the Improvements on the Premises have not been properly maintained (including painting) and do not meet current Minimum Standards as approved of by the GJRAA, the Improvements on the Premises do not meet any applicable code requirements, or the Improvements on the Premises are not in a condition expected to be serviceable in any respect for the additional five (5) year Additional Option term,

(b) the GJRAA intends to redevelop the area in which the Premises are located and/or use all or a portion of the Premises for purposes other than a lease to a Commercial Lessee or Storage Lessee, as the case may be with respect to the Lessee,

(c) Lessee is not in default under this Lease,

(d) Lessee is not in default in any other financial obligation to the GJRAA, and/or

(e) the granting of any Additional Option would not violate any FAA Grant Assurance or the provisions of any applicable law or regulation.

3.3.3 The factors referred to in ~~paragraph~~Paragraph 3.3.2, above, shall each be referred to as a "Disqualifying Factor" and collectively as "Disqualifying Factors." A

determination of the existence of any Disqualifying Factor shall be made in the reasonable discretion of the GJRAA.

3.3.4 Lessees are encouraged to contact the GJRAA in advance of the option exercise windows described in [paragraphParagraph](#) 3.3.1 above to discuss the condition of the Improvements on the Premises, actions which may be necessary to bring the Improvements into the required condition of maintenance and/or serviceability, and any other actions necessary to meet the other requirements of [paragraphParagraph](#) 3.3.2 above.

3.3.5 The GJRAA may condition the exercise of an Additional Option on amendment of this Lease to incorporate such other standard and non-discriminatory terms as are then being offered by the GJRAA to other Commercial Lessees or Storage Lessees, as the case may be, under aeronautical use ground leases, and ground lease rates for each Additional Option term shall be set at reasonable rates existing at the time the Additional Option is exercised, as set forth in the GJRAA's then current rates established by the GJRAA's Fees and Charges, which rates shall thereafter be subject to the CPI adjustment set forth below.

3.3.6 For purposes of Paragraph 3.3, "Commercial Lessee" shall mean a Lessee which (a) regularly engages in fixed base operations, ground handling and servicing of air carrier and commuter airline operations, aircraft charter operations, flight training, aircraft rental, aerial photography, crop dusting, aerial advertising, aerial surveying, aircraft sales and services, sale of aviation petroleum products, aircraft repair and maintenance, sale of aircraft parts, and/or other commercial aeronautical services to the public, (b) has entered into or will enter into a lease with the Authority, and (c) meets, and in the case of an existing Lessee, has met for a period of not less than six (6) continuous months, the GJRAA's Minimum Standards then in effect for the type of aeronautical business operated by the Lessee. "Storage Lessee" shall mean any Aeronautical Use Lessee other than a Commercial Lessee as defined above.

3.4 Repair and Maintenance Punch-List.

3.4.1 If the GJRAA finds that the Disqualifying Factor found under Paragraph 3.3.2(a), above, exists, but that no other Disqualifying Factor does, then the GJRAA will determine if the Improvements on the Premises can be restored and/or made serviceable through reasonable repair and/or maintenance. If the Improvements on the Premises can be restored and/or made serviceable through reasonable repair and/or maintenance, the GJRAA shall provide Lessee with a listing of items to be repaired and/or maintained by Lessee (hereinafter "Punch List"), at Lessee's sole expense. The repairs and/or maintenance to be completed by Lessee shall be for the purpose of restoring the Improvements on the Premises to their original state, excepting reasonable wear and tear.

3.4.2 The GJRAA shall provide Lessee with the Punch List within thirty (30) days after the GJRAA's determination that the Disqualifying Factor found under Paragraph 3.3.2(a), above, exists. Lessee will then have remainder of its then current option term or Additional Option term to complete the Punch List to the satisfaction of the GJRAA. Provided that Lessee is proceeding with the necessary diligence to complete the Punch List,

and upon thirty (30) days written notice to the GJRAA prior to the expiration of Lessee's then current option term or Additional Option term, Lessee may extend the time to complete the Punch List for a period of time not to exceed sixty (60) days. However, Lessee agrees that any extension of the period of time for it to complete the Punch List to the satisfaction of the GJRAA will not create a new tenancy for the Additional Option period and that the GJRAA will maintain its right to terminate the Lease. If the Punch List items are completed to the reasonable satisfaction of the GJRAA, Lessee shall then be eligible to exercise the Additional Option.

3.5 Surrender and Holding Over.

If Lessee holds over or remains in possession or occupancy of the Premises after the expiration of this Lease without any written renewal thereof, such holding over or continued possession or occupancy shall not be deemed as a renewal or extension of this Lease but shall create only a tenancy from month-to-month which may be terminated at any time by the GJRAA upon thirty (30) days written notice. Such holding over shall be at 150% of the Monthly Ground Rent that was payable in the month prior to such expiration, (or in recognition that the Improvements shall then be the property of the Authority) or the hangar rental rate established in the GJRAA's then-current Fees and Charges, whichever is greater, and shall otherwise be upon the same terms and conditions as set forth in this Lease.

ARTICLE 4: RENT,~~SECURITY DEPOSIT~~ & OTHER FEES

4.1 Monthly Ground Rent.

The Monthly Ground Rent for the Premises is initially the amount set forth in Paragraph 1.11 above. Within thirty (30) days of Lessee's completion of any Improvements on the Premises, Lessee will provide the GJRAA with a survey acceptable to the GJRAA (as determined by the GJRAA in its sole discretion) which shall be attached to this Lease as Exhibit B. Should the actual square footage of the Premises or the Improvements thereon (as determined by the Survey of the Premises to be attached as Exhibit B) differ from the initial estimate of the Premises or improvements' square footage (as shown by the Description of the Premises, attached as Exhibit A), then the Monthly Ground Rent shall be adjusted to accommodate for such difference according to standard GJRAA procedure.

4.2 CPI Adjustment.

The Monthly Ground Rent for the Premises may be adjusted by the increase or decrease in the Consumer Price Index, using the U.S. City Average for all urban consumers ("CPI-U"), all items index, set forth in the October to October report published by the U.S. Department of Labor, Bureau of Labor Statistics, for the twenty-four (24) month period ending in the calendar year immediately preceding the calendar year in which the annual cost-of-living adjustment is to be made, or the period since the Commencement Date of this Lease, whichever is less. The initial CPI adjustment under this Lease shall be made on April 1st of the first even calendar year after the calendar year in which the Commencement Date falls, and every even year thereafter. If the CPI-U index is no longer published by the U.S. Department of Labor, the parties to this Lease, as well

as any successors or assigns, shall use the U.S. Department of Labor index or report most closely approximating the CPI-U.

4.3 Other Fees and Charges.

In addition to the Monthly Ground Rent described above:

4.3.1 Lessee shall pay the GJRAA such fees as set forth in the GJRAA's current Fees and Charges, as they are adopted by resolution of the GJRAA Board of Commissioners (the "Fees and Charges"), and as the same may be amended from time to time, including those Fees and Charges that are adopted or amended after the Commencement Date of this Lease, for the usage of the Airport's disposal station, by Lessee, or by Lessee's successors, assigns, and/or subLessees.

4.4 Manner of Payment.

Payment of Lessee's Monthly Ground Rent shall be made in advance, on or before the first day of each and every month during the term of this Lease. Payment of all other fees, if any, shall be made in accordance with procedures adopted by the GJRAA from time to time. All rental payments shall be made to the GJRAA at its address listed in Paragraph 1.5, or at such other address as may be specified by the GJRAA.

4.5 Late Charges.

All amounts payable under the Lease may collectively be referred to herein as "Rent." Any payment of Rent, including Monthly Ground Rent, which is not received on the due date will be subject to a late charge equal to five percent (5%) of the unpaid Rent, or \$100.00, whichever is greater. This amount is in consideration of the GJRAA's additional cost of processing late payments. In addition, any Rent which is not paid when due, including Monthly Ground Rent, will accrue interest at a default rate of three percent (3%) per month (but in no event in an amount in excess of the maximum rate allowed by applicable law) from the date on which it was due until the date on which it is paid in full, with accrued interest. Any payments received shall be applied first to accrued interest, and then to the reduction of principal.

~~4.6 Security Deposit.~~

~~Lessee shall deposit with the GJRAA, a security deposit in the amount set forth in paragraphParagraph 1.19 above. This deposit is to be held by the GJRAA as security during the entire term of the Lease for all of Lessee's obligations hereunder. Any and all accrued interest on Lessee's security deposit shall be applied to Lessee's account, on an annual basis. The security deposit shall be made at the time the Lease is signed by Lessee, unless the same has been previously paid in the full amount set forth above. The GJRAA reserves the right to withhold some or all of the deposit if Lessee abandons the leasehold in a condition that requires the GJRAA to expend money or labor to repair. A detailed list of expenses shall be provided to Lessee if any or all of the security deposit is withheld.~~

~~4.7~~4.6 No Set Off.

Except as may be expressly set forth herein, Lessee shall not have the right to set-off against any amounts owed to the GJRAA for any claims it may have against the GJRAA unless and until said amounts are agreed to by the GJRAA or reduced to final judgment.

4.84.7 New Federal Regulation.

In the event the GJRAA is required to make additional direct expenditures in connection with the implementation of any future federal or state regulation imposed upon the GJRAA as a result, in whole or in part, of Lessee's operation, the GJRAA may call a conference for the purpose of discussing and determining methods of compliance and recovery from Lessee and others similarly situated, if any, of costs so incurred, and Lessee agrees to attend, in good faith, and agrees to reimburse the GJRAA for any reasonable costs it incurs for the implementation of these federal or state regulations.

ARTICLE 5: ASSIGNMENT AND SUBLEASING

5.1 Assignment by Lessee.

Lessee shall not assign its interest herein without the written consent of the GJRAA, which consent shall not be unreasonably withheld. Any assignment or transfer in violation of this section shall be void. All subsequent assignors and assignees shall be subject to this Lease as if they were the original Lessee/assignor.

5.2 Subletting.

Lessee ~~may~~ shall not sublease all or any portion of the Premises, or all or any portion of the improvements thereon, without first obtaining written consent of the GJRAA for the sublease, which consent shall not be unreasonably withheld. Any such sublease must be in writing and in a form and for a rental amount and other consideration acceptable to the GJRAA, pursuant to the requirements of the Minimum Standards, by which such subLessee is authorized to do business at the Airport. Any sublease shall be in the form required by the GJRAA for all subleases, as the same may be amended from time to time, or in a form specifically approved by the GJRAA, including those forms that are created or amended after the Commencement Date of this Lease. The existence of any sublease or subleases shall not in any way relieve Lessee from its responsibilities as to the entire Premises under this Lease. Any default by a subLessee of its obligations to the GJRAA under any sublease shall constitute a default by Lessee of its obligations under this Agreement. Lessee shall not allow any subLessee to enter onto the Premises until the subLessee has properly executed a sublease and that sublease has been consented to by the GJRAA.

5.3 No Consent or Waiver.

Consent by the GJRAA to one (1) sublease or assignment shall not be construed as consent or waiver of the GJRAA's right to object to any subsequent sublease or assignment. Acceptance by the GJRAA of rent from any subLessee or assignee shall not be construed to be a waiver of the right of the GJRAA to void any sublease or assignment.

5.4 Assignment by the GJRAA.

The GJRAA may assign its interest herein, without the consent of Lessee, to any successor operator or proprietor of the Airport. The GJRAA shall give prior written notice to Lessee of any such assignment and of its rights and obligations hereunder.

ARTICLE 6: EMINENT DOMAIN, SUBSTITUTION OF PREMISES, & SUBORDINATION

6.1 In the event that all or any portion of the Premises is taken for any public or quasi-public purpose by any lawful condemning authority, including the GJRAA, through its powers of eminent domain, or by private purchase by any public authority in lieu of the exercise of eminent domain, the proceeds, if any, from such taking or conveyance may be allocated between the GJRAA and Lessee according to the applicable law of eminent domain. If a portion of the Premises is so taken or sold, and as a result thereof, the remaining part cannot be used to reasonably continue the authorized purposes contemplated by this Lease in an economically viable manner, then this Lease shall be deemed terminated at the end of a period of sixty (60) days following said taking or conveyance. In that event, and at that time, Lessee shall surrender the Premises, Improvements (and the GJRAA's fixtures and personal property thereon, if any) to the GJRAA, and Lessee may remove its fixtures and personal property located upon the Premises, in accordance with the provisions of this Lease. No severance damages shall be paid by the GJRAA to Lessee as the result of the condemnation nor shall any damages be paid to Lessee as the result of the termination of this Lease.

6.2 The GJRAA may grant or take easements or rights-of-way across the Premises, in addition to the easements or rights-of-way identified in this Lease, if the GJRAA determines it is in its best interests and in accordance with applicable law to do so. If the GJRAA grants or takes such an easement or right-of-way across any of the Premises, in addition to those easements or rights-of-way identified in this Lease, Lessee may request compensation from the GJRAA for that easement or right-of-way and the GJRAA will determine whether compensation should be paid to Lessee, and if so, the amount thereof, in accordance with applicable law.

6.3 The GJRAA has the right to substitute Comparable Areas for all or any portion of the Premises, and any additions, alterations or improvements thereon, should the GJRAA, in its sole discretion, determine that a taking of the Premises, or any portion thereof or any Improvement thereon, is required for Airport purposes. In the event that the GJRAA elects to exercise its right to substitute, all title, right and interest to the portion of Premises that is taken shall immediately vest in the GJRAA. Furthermore, the GJRAA may require Lessee to vacate the portion of the Premises taken. For the purposes of this Article, the term "Comparable Areas" is defined to mean a parcel of land within the Airport, or any additions or extensions thereof, similar in size to the Premises and brought to the same level of improvement as the Premises. The GJRAA shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, 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 GJRAA shall replace, at GJRAA's expense, such non-relocatable improvements and other property with comparable property in the Premises, and the GJRAA 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, or any other third party whomsoever. It is the specific intent of this sub~~paragraph~~Paragraph that Lessee be placed, to the extent possible, in the same position it would have been, had the GJRAA not substituted new premises for the Premises; provided, however, that the GJRAA shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution, should the GJRAA elect to exercise its right to substitute.

6.4 Nothing in sSubparagraph 426.3, above, shall be construed to adversely affect the GJRAA's rights to condemn or exercise its rights of eminent domain in regard to Lessee's leasehold rights and interests in the Premises, and any improvements thereon, should the GJRAA, in its sole discretion, determine that it requires all or any portion of the Premises, and improvements thereon, for Airport purposes. The GJRAA may, at its sole discretion, exercise its leasehold condemnation rights in lieu of the GJRAA's substitution rights set forth in sSubparagraph 426.3, above. Nothing in this Article shall be construed as a promise by the GJRAA to substitute Comparable Areas for the Premises. In the event the GJRAA proceeds by way of condemnation or through the exercise of eminent domain, Paragraph 426.3 shall not apply.

6.5 This Lease and all provisions hereof shall be subject and subordinate to the terms and conditions of all existing and future instruments, documents, contracts, or agreements between the GJRAA and any Federal, State, or local government, or any agency thereof, as well as subject and subordinate to the requirements of any current or future Federal, State, or local statute, rule, regulation, ordinance, or directive governing the operation of the Airport, and the GJRAA shall not owe any damages to Lessee, such as for lost profits or revenues, as a result of the GJRAA's compliance with said instruments, documents, contracts, agreements, statutes, rules, regulations, ordinances, or directives. The GJRAA shall also be excused from its obligations to pay Lessee eminent domain compensation or to provide substitute leasehold premises pursuant to this Article for its compliance with said instruments, documents, contracts, agreements, statutes, rules, regulations, ordinances, or directives, unless specifically directed otherwise by those instruments, documents, contracts, agreements, statutes, rules, regulations, ordinances, or directives.

ARTICLE 7: EXPIRATION AND TERMINATION

7.1 Prior to the expiration or termination of this Lease, Lessee shall have the right to sell or transfer any Improvements on the Premises that is not the property of, or owned by, the GJRAA. However, any sale or transfer of these Improvements shall be subject to the consent or approval of the GJRAA, and the GJRAA shall not unreasonably withhold this consent or approval. Should Lessee sell or transfer the Improvements on the Premises that is not the property of, or owned by, the GJRAA prior to the expiration or termination of the Lease, and the GJRAA consents to and approves this sale or transfer, the GJRAA shall, in good faith, negotiate an Aeronautical Use Ground Lease with the new owner of the Improvements.

7.2 Upon the expiration or termination of this Lease, Lessee shall peaceably surrender to the GJRAA possession of the Premises, together with any Improvements, fixtures, or personal property of the GJRAA thereon (such as the GJRAA's security fencing and gating) in as good a condition as the Premises, and Improvements, fixtures, and personal property were initially provided to Lessee, with ordinary wear and tear excepted, without any compensation whatsoever, and free and clear of any claims of interest of Lessee or any other third-party.

7.3 Also upon the expiration or termination of the Lease, and provided that Lessee did not sell or transfer the Improvements on the Premises prior to the expiration or termination of this Lease, Lessee shall have all personal property and trade fixtures removed from the Premises, unless the personal property or trade fixtures are owned by the GJRAA, and shall restore the Premises to a good condition and repair. If Lessee is proceeding with the necessary diligence to remove these items and complete this work, upon thirty (30) days written notice to the GJRAA prior to the expiration or termination of the Lease, Lessee may extend the time to remove these items and complete this work for a period of time not to exceed sixty (60) days. Further, if Lessee is proceeding with "Punch List" work as outlined under Paragraph 3.4 above, Lessee will be provided sixty (60) days to remove the personal property or trade fixtures following the determination of the GJRAA that the Punch List items were not completed to its satisfaction, if that decision is made by the GJRAA. However, Lessee agrees that this additional period of time to remove any personal property or trade fixtures from the Premises, or any work necessary to return the Premises to a good condition and repair, will not create a new tenancy for any additional period of time and that the GJRAA will maintain its rights to terminate the Lease. Following the expiration or termination of the Lease, Lessee shall, at the option of the GJRAA, either (a) leave the Improvements on the Premises in place, or (b) demolish the Improvements on the Premises, returning the Premises to a flat and level condition, and if the Premises was paved, re-paving the Premises to the same depth and specifications as it existed prior to the expiration or termination of the Lease. If the GJRAA elects to have Lessee demolish the Improvements on the Premises, Lessee will have sixty (60) days to complete this work, but the time period for Lessee to complete this work will not create a new tenancy for any additional period of time.

7.4 The GJRAA shall take title to, and full ownership of, all personal property and trade fixtures not removed by Lessee from the Premises within the time periods identified in Paragraph 16.3, above. Additionally, without any payment to Lessee, the GJRAA shall take title to, and full ownership of, any building, structure, or improvement that was on the Premises at the expiration or termination of the Lease, provided the GJRAA elects to have Lessee leave the Improvements on the Premises in place as outlined under Paragraph 16.3, above. Title and ownership of the personal property, trade fixtures, buildings, structures, or other improvements to the GJRAA under this provision shall be free and clear of any claim of interest by Lessee or that of a third-party.

ARTICLE 8: ARTICLE 8: DEFAULT AND REMEDIES

8.1 Lessee shall be in default of this Lease upon the happening of any of the following events or conditions ("Events of Default"):

8.1.1 default or breach by Lessee, or any of its successors, assignees, and/or sublessees, in payment or performance of any obligation, covenant, or liability contained or referred to in this Lease, or any approved sublease, as well as any default or breach of any of the terms or conditions of this Lease or any approved sublease;

8.1.2 the Lessee's death, legal incapacity, dissolution, or termination of existence, insolvency, business failure, appointment of a receiver for or the commencement of any proceedings under any bankruptcy or insolvency laws by or against the Lessee, or the general assignment of Lessee's rights, title and interest hereunder for the benefit of creditors;

8.1.3 the Premises being left vacant or unoccupied or apparently abandoned by Lessee for a period of thirty (30) days; -or

8.1.4 the placement or assertion of any mechanics' lien or other lien on the Premises due to any act or omission by Lessee or those claiming under Lessee.

8.2 Upon an Event of Default as defined in ~~paragraph~~ Paragraph 178.1, the GJRAA shall have the right to, and at its option may, exercise any one or more of the following rights and remedies, each of which shall be cumulative, as well as in addition to any and all other rights and remedies authorized by law or equity:

8.2.1 The GJRAA may, with or without terminating this Lease, bring and maintain any action for any amount due and unpaid and/or for specific performance. The GJRAA's damages shall be the total of all rent and costs and expenses of performance of all other covenants of the Lessee as herein provided due or to become due for the remainder of the lease term, together with the GJRAA's costs, including reasonable attorneys' fees, incurred in retaking possession of the Premises, and bringing and pursuing the action. However, if the GJRAA obtains a judgment against Lessee for damages due to Lessee's breach or default of this Lease, and the GJRAA then leases the Premises to a third-party, the GJRAA shall offset the judgment against the Lessee with any amounts the GJRAA may realize from leasing the Premises to that third-party for the remainder of the lease term with Lessee, after deducting the GJRAA's costs and expenses incurred in connection with obtaining the judgment against the Lessee, as well as leasing the Premises to that third-party, which includes, but is not limited to, redecorating, altering, building, constructing, etc., to prepare the Premises for the lease to the third-party. The GJRAA shall have the sole discretion to determine the terms and conditions of leasing the Premises to the third-party.

8.2.2 The GJRAA may reenter and take possession of the Premises, remove all persons and property therefrom, and declare this Lease and the leasehold estate hereby created to be, and thereupon the same shall be and become, terminated and ended.

8.2.3 The GJRAA may, at its option, with or without declaring this Lease or the leasehold estate created hereby terminated or ended, occupy the Premises or cause the Premises to be redecorated, altered, divided, consolidated with other adjoining premises, or otherwise changed or prepared for re-leasing, and may re-lease the Premises or any part thereof in order to mitigate the GJRAA's damages. The terms and conditions of such re-leasing shall be in the sole discretion of the GJRAA. All rent received by the GJRAA for the remainder of the lease term shall be applied first to the payment of expenses the GJRAA may have incurred in connection with recovery of possession of the Premises and/or preparing it for releasing, and the releasing, including brokerage and reasonable attorneys' fees, and then to the payment of amounts equal to the rent hereunder and the costs and expense of performance of the other covenants of Lessee as herein provided. Lessee shall, whether or not the GJRAA has released the Premises, pay the GJRAA all rent and other sums herein agreed to be paid by Lessee, less the net proceeds of the releasing, if any, as ascertained from time to time, and the same shall be payable by Lessee upon demand. If the GJRAA elects, pursuant hereto, to occupy and use the Premises, or any part thereof,

during any part of the balance of the term of the lease as originally fixed or since extended, there shall be allowed against Lessee's obligation for rent or other charges as herein defined, during the period of the GJRAA's occupancy, the reasonable value of such occupancy, not to exceed in any event the rent herein stated, and such occupancy shall not be construed as a release of Lessee's liability hereunder.

8.2.4 The GJRAA may, on reasonable notice to Lessee (except that no notice need be given in case of emergency), cure any breach at the expense of Lessee and the cost of such cure, including attorneys' fees incurred by the GJRAA in doing so, shall be deemed additional rent payable on demand.

8.3 In the event the GJRAA re-leases the Premises as authorized above, any and all of Lessee's improvements, structures, furniture, furnishings, equipment, and trade fixtures that are in or on or about the Premises may be used by the GJRAA or its new Lessee until the expiration of the term, without any liability for rent, compensation, or other charge therefor; however, in such case, if on the expiration of the term or on an earlier termination of this Lease, the total net amount so collected or received by the GJRAA from and through any such re-leasing or operation has exceeded the total amount accrued and due and unpaid from the Lessee, then such excess shall be applied to the Lessee.

8.4 Whenever a right of reentry is given to the GJRAA by the terms of this Lease, the GJRAA may exercise the same by agent or attorney, and with or without legal process, such process and demand for possession of the Premises being expressly waived by Lessee, and GJRAA may use all force necessary to make such entry and/or hold the Premises after such entry and/or to remove Lessee and/or any other person and property from the Premises; and the GJRAA shall be entitled, on application to a court of competent jurisdiction, to have a receiver appointed in aid of the enforcement of any remedy herein provided.

8.5 Lessee waives all right of redemption to which Lessee or any person claiming under Lessee may be entitled by any law now or hereafter enforced.

8.6 The GJRAA's retaking of possession of the Premises shall not constitute acceptance of surrender, eviction, or forfeiture of the Lease. The GJRAA and Lessee hereby expressly agree that if, after Lessee's default, the GJRAA retakes possession of the Premises, Lessee shall remain liable for all unaccrued rent, and all other obligations of this Lease for the remainder of the lease term, notwithstanding the GJRAA's reentry. Upon default, the GJRAA may exercise any and all of the remedies provided for herein in any order.

8.7 Any default by either Lessee or the GJRAA in the performance of any of the terms and conditions contained herein, other than the payment of Rent, shall be excused where due to force majeure, which, among other things, shall include natural catastrophes such as hurricanes, tornadoes, or floods, acts of God, acts of war, and governmental statutes, regulations, directives, or contracts governing the operation of the Airport, with which the GJRAA or Lessee must comply. This Paragraph shall not apply to a failure to timely pay any monetary amounts due.

ARTICLE 9: MISCELLANEOUS PROVISIONS

9.1 Notices.

All notices and communications hereunder shall be given by depositing the same in the United States mail, postage prepaid, registered or certified mail, or via a nationally recognized overnight courier service having proof of delivery and addressed to the relevant addresses as set forth in ~~paragraph~~Paragraph 1, above, or to such other address as either party may specify by notice, in writing, given to the other party. Notices shall be deemed given on the date of mailing and the date of mailing shall be the date shown on the post office registry or express service receipt. Notice given in a manner other than as specified herein shall be ineffective.

9.2 Subordination.

Lessee's interest in the Premises shall be subordinated to that of the FAA by and through GJRAA's "grant assurances", and to those of any existing or future lender holding a mortgage or deed of trust on the Premises, and Lessee will, at the GJRAA's request, sign such subordination agreements or statements as such lenders may from time to time require.

9.3 No Waiver.

The failure of either party to insist upon the strict and prompt performance of any of the terms, covenants, agreements, and conditions contained herein, upon the other party imposed, shall not constitute or be construed as a waiver or relinquishment of such party's right or rights thereafter to enforce any term, covenant, agreement, or condition, but the same shall continue in full force and effect. The waiver of any breach of any term, covenant, agreement, or condition contained herein by either party shall not be construed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement, or condition. Should Lessee breach any of its obligations hereunder, the GJRAA may thereafter accept from Lessee any payment or payments due hereunder, and continue this Lease, but without waiving the GJRAA's right to exercise and enforce all available default rights hereunder, or any other remedies provided by law, for said breach or default.

9.4 Lease Contingent.

If improvements on the Premises have not been constructed as of the date of this Lease, this Lease is contingent upon FAA approval of any construction or development plans by Lessee, and upon the approval of any applicable planning agency. The responsibility for obtaining any authorization from or approval of any federal, state, or local governmental agency shall be the sole responsibility and expense of Lessee. Lessee shall have 60 days from the date set forth in ~~paragraph~~Paragraph 1.1, above, to satisfy the foregoing contingencies. If, at the end of such 60 day period Lessee has not provided to the GJRAA clear evidence that such contingencies have been satisfied, or that substantial progress has been made toward satisfaction of same, then the GJRAA may terminate this Lease without penalty to Lessee.

9.5 Entire Agreement; Modifications; Termination of Prior Leases.

This Lease constitutes the entire agreement between the parties with respect to the subject matter contained herein. Modifications or amendments to this Lease shall be effective only if made in writing and executed by the GJRAA and Lessee. This Lease shall replace and supersede all prior leases, amendments and addenda thereto and any other agreements between the GJRAA and Lessee with respect to the Premises, all of which shall be deemed terminated upon mutual execution of this Lease.

9.6 Time of Essence.

Time shall be of the essence of this Lease, and the terms hereof shall be binding upon the heirs, personal representatives, successors, and permitted assigns of each of the parties hereto.

9.7 Headings.

The article or other headings employed in this Lease are for convenience of reference only. Such headings shall not be interpreted as enlarging or limiting the meaning of any portion of this Lease.

9.8 Lessee Representations.

Lessee represents that Lessee is the owner of, or fully authorized to use any and all services, processes, machines, articles, marks, names, or slogans used by Lessee in Lessee's operations under this Lease. Lessee shall save and hold the GJRAA, its Board members, officers, employees, agents, and representatives, free and harmless against any loss, liability, expense, suit, or claim for damages in connection with any actual or alleged infringement of any patent, trademark, or copyright, or from any claim of unfair competition or other similar claim, arising out of Lessee's operations under, or in connection with, this Lease. Lessee, and those individuals executing this Lease on behalf of Lessee, represent and warrant that they are familiar with C.R.S. §18-8-301, et seq. (Bribery and Corrupt Influences) and C.R.S. §18-8-401, et seq. (Abuse of Public Office) and that they are unaware of no violations of the provisions thereof with respect to this Lease or operations to be conducted hereunder. With respect to Lessee, the undersigned warrants and represents he/she is authorized to execute this Lease on Lessee's behalf, and Lessee shall be bound as a signatory to this Lease by his/her execution of this Lease. Lessee also certifies, by signing this Lease, that neither it nor its principals, members, or managers are presently debarred, suspended, proposed for debarment, declared ineligible, or are voluntarily excluded from participation in this Lease by any federal department or agency. Lessee further agrees, by signing this Lease, that it will include this clause, without modification, in all subleases.

9.9 Fees and Memorandum.

Lessee shall pay all legal and surveying fees and costs associated with the rental of the Premises under this Lease or any addendum hereto. Furthermore, Lessee shall assist the GJRAA, in any way deemed advisable in preparing, executing or recording a Memorandum of Lease relating to this Lease.

9.10 Invalidity.

If any term or condition of this Lease or the application thereof to any person or event shall to any extent be invalid and unenforceable, the remainder of this Lease and the application of such term, covenant, or condition to persons or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant, and condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

9.11 GJRAA Representations.

The GJRAA covenants and represents that it is the owner of the Premises, and has the right to enter into this Lease and grant the rights contained herein to Lessee.

9.12 Relationship of Parties.

Nothing contained herein shall be deemed or construed by the parties hereto, or by any third-party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship between the parties. It is understood and agreed that neither the method of computation of fees, nor any other provision contained herein, nor any acts of the parties hereto creates a relationship other than the relationship of landlord and Lessee.

9.13 Attorney Fees.

If litigation is required to interpret or enforce this Agreement, the prevailing party shall be awarded its reasonable attorney's fees, costs and other expenses incurred in addition to any other relief it receives.

9.14 Incorporation of Exhibits.

The Exhibits and Appendix to this Lease are integral parts of this Agreement and Lessee is bound by the terms set forth in them. If through oversight or otherwise, those Exhibits are not attached hereto, it is Lessee's responsibility to obtain copies of those Exhibits from the GJRAA. GJRAA reserves the right to update Appendix I from time to time as may be necessary to comply with Federal, State, local, or GJRAA Rules and Regulations.

9.15 Law and Venue.

This Lease shall be interpreted in accordance with the laws of the State of Colorado and applicable federal law. Should either party believe it necessary to file suit to interpret or enforce any provisions of this Agreement, the exclusive venue and jurisdiction for said lawsuit shall be in the Mesa County, Colorado, or if federal court jurisdiction would be appropriate, then in the United States District Court for the District of Colorado.

9.16 All Terms Material.

Covenants and agreements herein which would ordinarily be considered to be material shall be so considered herein. In addition, the parties recognize the special and unique nature of Airport operations; that the GJRAA operates the Airport under agreements with other government entities, pursuant to numerous laws, regulations and ordinances, and in furtherance of the public need, health and safety; each term, covenant and/or agreement, the breach of which by Lessee

might materially adversely affect any such aspect of the GJRAA's operation of the Airport, shall also be deemed material, and any default in any such term, covenant and/or agreement shall be deemed to be a default in the Lease.

9.17 Right of Appeal.

Whenever the Airport Manager is authorized by this Lease to make discretionary decisions affecting Lessee, or the Airport Manager is authorized by the GJRAA to make discretionary decisions hereunder, the Lessee shall be entitled to appeal such decision to the Board of the GJRAA. Any such appeal shall be in writing, shall be filed with the GJRAA within thirty (30) days of the complained of decision, shall clearly state each basis for appeal, and shall include copies of any documents upon which the appeal is based. The pendency of an appeal shall not relieve the Lessee from compliance with the decision of the Airport Manager. The taking of such an appeal shall be a condition precedent to the filing of any action by Lessee to enforce or interpret this Lease.

9.18 Limitation of Benefit.

This Lease does not create in or bestow upon any other person or entity not a party to this Lease any right, privilege or benefit unless expressly provided in this Lease. This Lease does not in any way represent, nor should it be deemed to imply, any standard of conduct to which the parties expect to conform their operations in relation to any person or entity not a party.

9.19 Non-Exclusive Right.

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. The GJRAA reserves the right to grant to others the privilege and right of conducting any aeronautical or non-aeronautical activity at the Airport. The GJRAA reserves the right, during the term hereof, to reduce and reallocate space leased for the exclusive use of Lessee in any case where the failure to do so might reasonably constitute the granting by the GJRAA to Lessee of such an exclusive right.

Done and entered into on the date first above written.

GRAND JUNCTION REGIONAL AIRPORT AUTHORITY

Dated: _____

By: _____

Its: _____

LESSEE:

Dated: _____

By: _____

Its: _____

EXHIBIT A
Description of the Premises

EXHIBIT B
Survey Including Common and Particular Description of the Premises

AERONAUTICAL USE GROUND LEASE

APPENDIX I

APPENDIX I
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AERONAUTICAL USE GROUND LEASE

APPENDIX I

Article 1: Improvements

1.1 Construction of Improvements.

During the term of this Lease, Lessee shall have the right to construct, at its own expense, Improvements, alterations, or additions to the Premises, or to any Improvements presently located thereon, in furtherance of Lessee's authorized use of the Premises, provided that:

1.1.1 the Improvements, alterations, and additions are performed by qualified and licensed contractors or subcontractors; and

1.1.2 prior to the construction of any Improvements, alterations or additions to the Premises including, but not limited to, new improvements, major exterior changes to any existing improvements, changes in pavement, fences and utility lines, interior renovations that affect the structural integrity of any improvements, or office and hangar configuration, of any Improvements Lessee presently owns or may hereafter construct upon the Premises:

(a) Lessee submits the proposed plans to the GJRAA for its review; and

(b) the GJRAA determines, in its sole discretion, that the proposed improvements, alterations, or additions are consistent with the Airport's master and land use plans, the GJRAA's Development and Architectural Covenants, and if applicable, the Minimum Standards, as the same may be amended from time to time, including those established or amended after the Commencement Date of this Lease

1.2 Cost of Improvements; Bond.

Lessee shall construct all Improvements, alterations, and additions to the Premises at its own expense. If Lessee constructs improvements, alterations and/or additions, the same shall be constructed at Lessee's sole initiative and behest, and nothing herein shall be construed as an agreement by the GJRAA to be responsible for paying for them, and neither the Premises, nor the GJRAA's interest in said Premises or any Improvements, alterations or additions constructed thereon, shall be subjected to a mechanic's lien for any Improvements or alterations constructed by Lessee hereunder. The GJRAA may require Lessee to post a bond, or such other security as the GJRAA deems appropriate, guaranteeing payment for construction of the Improvements alterations and additions involved, as a condition precedent to the commencement of construction of the Improvements and/or alterations. Lessee shall be responsible for assuring that all of said Improvements, alterations and additions to the Premises are constructed in accordance with applicable local, state, and federal law. Lessee shall reimburse the GJRAA for all costs and expenses, including surveying and attorney's fees, that the GJRAA incurs (a) as a result of the fact that the Improvements, additions, or alterations do not comply with local, state, and federal law, (b) in defending against, settling, or satisfying any claim that the GJRAA is responsible for paying

in relation to Improvements on the Premises, or (c) in defending against, settling, or satisfying any mechanic's lien and/or other claims, asserted as a result of the non-payment for Improvements on the Premises.

1.3 Timing of Construction.

The Parties to this Lease, as well as their successors and/or assigns, hereby agree that Lessee shall have eighteen (18) months from the Commencement Date to obtain a Certificate of Occupancy or to otherwise fully develop the Premises. If such development is not timely commenced or completed, or if due diligence in pursuing such development is not demonstrated to the satisfaction of the GJRAA, then the GJRAA, in its sole discretion, shall have the right to terminate this Lease, and all of Lessee's interest in the Premises shall revert back to the GJRAA. If, however, Lessee has commenced development and is diligently pursuing completion of the development, but such development will not be completed within the eighteen (18) month period allowed, then Lessee may petition, in writing, the GJRAA for an extension of time to complete the development. An extension of time to complete the development is not automatic upon application, but may be granted at the sole discretion of the GJRAA. If such extension is not granted, then the GJRAA shall have the right to declare the Lease void, and all of Lessee's interest in the Premises shall revert back to the GJRAA. The GJRAA makes no representations or warranties with regard to the above contingencies, and Lessee undertakes such efforts solely at its own risk.

1.4 Signs.

No exterior signs, logos or advertising displays identifying Lessee or its successors, assigns, sublessees or customers shall be painted on or erected in any manner upon the Premises, or in or on any Improvements or additions upon the Premises, without the prior written approval of the GJRAA, which approval shall not be unreasonably withheld. Any such signs, logos or advertising shall conform to reasonable standards to be established by the GJRAA, with respect to type, size, design, materials and location. All signs shall comply with all applicable city, county and state regulations.

Article 2: Maintenance, Utilities, Damage and Storage

2.1 Maintenance of Premise.

During the term of this Lease, Lessee shall, at its own expense, maintain and keep all portions of the Premises, any Improvements, fixtures, and equipment thereon, any utility lines thereon or thereunder used by Lessee or its successors, assigns, and/or sublessees, and any of Lessee's Improvements, fixtures, or equipment located elsewhere at the Airport, in good operating and physical condition and repair. Lessee shall repair any utility lines located on or under its Premises which are utilized by it or other third parties, if the damage to said utility lines was caused by Lessee, or by Lessee's board members, officers, agents, employees, representatives, contractors, subcontractors, successors, assigns, sublessees, customers, guests, invitees, or anyone acting by, through, or under Lessee's direction and control. During the term of this Lease, Lessee shall maintain, at its expense, all portions of the Premises, any Improvements, fixtures, and equipment thereon, and all of its improvements, fixtures, and equipment located elsewhere at the Airport, in a safe and clean condition, and Lessee will not permit any unsightly accumulation of wreckage,

debris, or trash where visible to the general public visiting or using the Airport. The determination of whether any accumulation is unsightly will be made at the sole, but reasonable, discretion of the GJRAA.

2.2 Utilities.

During the term of this Lease, Lessee shall also be responsible for providing, at its own expense, all utilities and services, including but not limited to lighting, heating, air conditioning/cooling, water, gas, trash removal and electricity, required for the Premises and any improvements, alterations, or additions thereon. Lessee shall not permit any liens for utilities to be levied against the Premises and, in the event that any liens are so levied, agrees to indemnify the GJRAA and hold it harmless for the same.

2.3 Storage on Premises.

Storage on the Premise shall be primarily for aeronautical purposes, including, but not limited to, the parking and storing of aircraft owned or leased by Lessee or other third parties, storage associated with aircraft ownership and aeronautical-related businesses.

2.4 Damage to Airport.

Lessee shall be liable for any damage to the Airport and to any Improvements thereon caused by Lessee, or by Lessee's board members, officers, agents, employees, representatives, contractors, subcontractors, successors, assigns, subLessees, guests, invitees, or anyone acting by, through, or under its direction and control, ordinary wear and tear excepted. All repairs for which Lessee is liable shall be made, at the GJRAA's option, (a) by Lessee at its own expense, provided that said repairs are made timely and to the GJRAA's satisfaction as to the quality of repair or, if not timely or satisfactorily made by Lessee, then by the GJRAA at Lessee's expense or (b) by the GJRAA at Lessee's expense.

2.5 Waste Prohibited.

Lessee may not conduct mining or drilling operations, remove sand, gravel, rock or related substances from the ground, commit waste of the Premises of any kind, nor in any manner that substantially changes the contour or condition of the Premises without prior written permission of the GJRAA.

Article 3: Taxes and Assessments

Lessee shall timely pay all real and personal property taxes related to its possession and operations hereunder and at the Airport or elsewhere; all local, state and federal income, payroll, aviation fuel and other taxes related to its operations hereunder and at the Airport or elsewhere; all sales and other taxes measured by or related to its sales and service revenues hereunder and at the Airport or elsewhere; all license fees; and any and all other taxes, charges, exactions or levies of any nature, whether general or special, which may at any time be imposed by any local, state or federal authorities having jurisdiction over Lessee, or that become a lien upon Lessee, the GJRAA,

the Premises, or any Improvements thereon, by reason of Lessee's possession or activities under this Lease and the Airport or elsewhere.

Article 4: Insurance and Indemnification

4.1 Minimum Insurance Requirements.

At all times during the term of this Lease:

4.1.1 Lessee shall maintain automobile, general liability, bodily injury and property damage insurance naming the GJRAA as an additional insured covering all of the services, operations, and activities of Lessee, and Lessee's sub~~L~~Lessees at the Airport. The initial amount of coverage provided to the GJRAA shall be, at least, ~~the Initial Minimum Insurance Coverage Amount, \$1,000,000 per occurrence as that term is defined in Paragraph 1.9, above.~~ The GJRAA may, from time to time, and in its sole discretion (which shall be reasonably exercised), increase the amount of required insurance due hereunder by amending the GJRAA's Fees and Charges, and these amendments shall apply to Lessee, including those amendments that occur after the Commencement Date of this Lease.

4.1.2 Lessee shall maintain such hazard insurance as necessary to cover the full replacement cost of each of the Improvements it, its successors, assigns, and/or sub~~L~~Lessees, or the GJRAA own or have constructed upon the Premises, and the proceeds of said insurance shall be used to repair or replace the Improvements involved, as necessary.

4.1.3 Lessee and its subcontractors shall maintain worker's compensation insurance or a self-insurance plan in accordance with the laws of the State of Colorado for all employees or subcontractor employees who perform any work for Lessee in connection with the rights granted to Lessee hereunder.

4.2 Certificate of Insurance.

Lessee shall provide a certificate of insurance to the GJRAA of the kinds and amounts of said insurance coverage and shall acquire policies that shall not be subject to cancellation without at least thirty (30) days advance written notice to the GJRAA. Such policies shall provide that they may not be materially changed or altered by the insurer during its term without first giving at least ten (10) days written notice to the GJRAA.

4.3 Indemnification.

Lessee agrees that:

4.3.1 It shall release the GJRAA of and from any and all liability for, and shall protect, defend, indemnify and hold the GJRAA harmless from and against any and all claims, demands, and causes of action of every kind and character that are asserted or brought against the GJRAA on account of the actions, omissions, breaches, negligence, gross negligence, recklessness, willfulness, wantonness, and/or intentional conduct of

Lessee, its agents, employees, representatives, successors, assigns, sublessees, contractors, subcontractors, invitees, or licensees. Lessee's indemnification obligations under this provision shall be without regard to, and without any right to contribution from, any insurance maintained by Lessee. Additionally, Lessee's indemnity obligations under this section shall be supported by insurance, but this insurance requirement shall be a separate and distinct obligation from Lessee's indemnity obligations, and the insurance and indemnity obligations shall be separately and independently enforceable. Further, Lessee's indemnity obligations hereunder are not limited by any insurance coverage Lessee may have.

4.3.2 Lessee further agrees to fully defend, indemnify and hold the GJRAA harmless from all legal costs and charges, including reasonable attorneys' fees, incurred in and about the defense of the matters identified above, as well as in any action arising out of those matters or in discharging the Premises, or any part thereof, from any and all liens, charges, or judgments which may accrue or be placed thereon by reason of any act, omission, or breach of or by Lessee.

4.3.3 Lessee also agrees to fully defend, indemnify and hold the GJRAA harmless from any liability on account of or in respect or any mechanic's lien or liens in the nature thereof for work and labor done, or materials furnished at, the request of the Lessee in, on, or about the Premises and, accordingly, Lessee will either satisfy any such lien or, if Lessee disputes the validity thereof, will defend any action for the enforcement thereof (and if Lessee loses any action, will cause such lien to be satisfied and released).

Article 5: Compliance with Applicable Law; Environmental Covenants

5.1 Compliance with Law and the GJRAA Documents.

Lessee shall observe and obey all statutes, rules, regulations, and directives promulgated by the GJRAA and other appropriate local, State, and Federal entities having jurisdiction over the Airport, including the FAA, the TSA, and the Environmental Protection Agency ("EPA"). To the maximum extent applicable, Lessee further agrees to perform all of its operations authorized hereunder in accordance with all of the terms and conditions of the GJRAA's Minimum Standards, Development and Architectural Covenants ("Architectural Standards"), Fees and Charges ("Fees and Charges"), the AOA Safety Procedures ("Safety Procedures"), Fuel Handling and Storage Procedures ("Fuel Procedures"), and Noise Compatibility Procedures, copies of which are on file in the offices of the GJRAA, as the same may be amended from time to time, including as they are established or amended after the Commencement Date of this Lease. Lessee acknowledges that it has reviewed the above documents or has knowingly waived its rights to review such documents. If any inconsistency exists between the terms of this Agreement and the terms of the Minimum Standards, Architectural Standards, the GJRAA's Fees and Charges, Safety Procedures, Fuel Procedures, and Noise Compatibility Procedures, the terms of this Agreement shall control. Lessee further agrees to comply with all verbal and written directives of the Airport Manager regarding Lessee's use of the Premises, the Airport's airfield areas, and other common areas elsewhere at the Airport.

5.2 Reimbursement for Violations.

Should Lessee, or Lessee's board members, officers, agents, employees, customers, guests, invitees, sublessees, assigns, successors, contractors, or subcontractors violate any local, State, or Federal law, rule, or regulation applicable to the Airport, and should said violation result in a damage award, citation, or fine against the GJRAA, then Lessee shall fully reimburse the GJRAA for said damage award, citation, or fine and for all costs and expenses, including reasonable attorney's fees, incurred by the GJRAA in defending against or satisfying the award, citation or fine.

5.3 Subordination.

This Lease shall also be subject and subordinate to the requirements of any existing or future contracts or agreements between the GJRAA and Federal, State, or local governments, or any agencies thereof, [including but not limited to GJRAA's "grant assurances" to the FAA](#), and to the requirements of any Federal, State, or local statutes, rules, regulations, or directives governing the operation of the Airport, and the GJRAA shall not owe any damages to Lessee, such as lost profits or revenues, as a result of its compliance with said contracts, statutes, rules, regulations, or directives. The GJRAA shall also be excused from its obligations to pay Lessee eminent domain compensation under Article 12, below, or to provide substitute leasehold premises pursuant to Article 13, below, unless the payment of compensation or provision of substitute premises is specifically directed by the contract, statute, rule, regulation or directive involved.

5.4 Deicing Limitations.

Lessee shall use only propylene glycol as a deicing agent unless Lessee receives written authorization from the GJRAA to use a different deicing agent. All deicing operations shall be conducted on the Airport deicing pad, and Lessee shall pay its proportion share of glycol disposal costs in accordance with the GJRAA's then current Fees and Charges, which may be established or amended after the Commencement Date of this Lease.

5.5 Security.

Lessee is wholly and completely responsible for, and shall comply with, all requirements of the Transportation Security Administration of the United States Department of Homeland Security with respect to security of the gates, doors or other entryways leading to the Airport's air operations area from the Premises.

5.6 Hazardous Materials.

5.6.1 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by Lessee, its agents, employees, representatives, sublessees, contractors, subcontractors, licensees, or invitees, without the prior written consent of the GJRAA. If Lessee breaches this obligation, or if the presence of Hazardous Material on the Premises is caused or permitted by Lessee and results in contamination of the Premises, then Lessee shall indemnify, defend and hold the GJRAA harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, the diminution in value of the Premises, damages for the loss or restriction on the use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on the marketing of space, sums paid in

settlement of claims, attorney fees, consultant fees and expert fees) which arise during or after the term of this Lease as a result of such contamination. This indemnification of the GJRAA by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remediation, or any removal or restoration work required by any Federal, State, or local government agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises is caused or permitted by Lessee and it results in any contamination of the Premises, Lessee shall promptly take all actions, at its sole expense, that are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises, provided that the GJRAA's approval of such actions shall first be obtained. Lessee's obligations in Paragraph ~~10-5.6~~ of this Lease Appendix shall survive the termination of this Lease.

5.6.2 As used in ~~paragraph-Paragraph 105.6.1~~, above, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental agency, the GJRAA, the State of Colorado, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance that is (i) defined as a "hazardous substance" under the applicable law, rule, or regulation; (ii) petroleum; (iii) asbestos; (iv) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1321); (v) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act (42 U.S.C. § 6903); (vi) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601); (vii) defined as a "regulated substance" pursuant to Subchapter IX, Solid Waste Disposal Act (Regulation of Underground Storage Tanks) (42 U.S.C. § 6991); or, (viii) lavatory waste.

5.6.3 Upon the GJRAA's request, Lessee shall provide the GJRAA with written certification from a licensed environmental consulting or engineering firm that the Premises are not contaminated with any Hazardous Material.

Article 6: Nondiscrimination

6.1 Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Premises and any improvements thereon on the grounds of race, color, religion, sex, age, disability, or national origin; (2) no person on the grounds of race, color, religion, sex, age, disability, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the construction of any improvements on, over, or under the Premises and the furnishing of services therein; and (3) Lessee shall use the 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, Non-discrimination 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.

6.2 Lessee shall make and/or furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service, provided that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

6.3 This Lease is subject to the requirements of the US Department of Transportation's regulations governing nondiscrimination. Lessee agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, age, religion, sex, or disability, in connection with the award or performance of any operating agreement relating to this Lease. Lessee further agrees to include the preceding statements in any subsequent sub-operating agreements at the Airport that it enters into and to cause those businesses to similarly include the statements in further agreements, as required by FAA Rules, Regulations and Directives.

6.4 Non-compliance with subparagraphs 446.1, 446.2, and 446.3, of this Lease Appendix above, after written finding, shall constitute a material breach thereof and, in the event of such non-compliance, the GJRAA shall have the right to terminate this Lease and the estate hereby created without liability therefor or at the election of either the GJRAA or the United States, or both, the GJRAA and the United States shall have the right to judicially enforce the provisions of subparagraphs 446.1, 446.2, and 446.3, of this Lease Appendix. However, this Lease cannot be terminated for non-compliance with subparagraphs 446.1, 446.2, and 446.3, of this Lease Appendix until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including exercise or expiration of appeal rights.

6.5 Lessee assures that it shall undertake an affirmative action program if so required by 14 C.F.R. Part 152, Subpart E, to insure that no person shall be excluded from participating in any employment activities covered in 14 C.F.R. Part 152, Subpart E on the grounds of race, creed, color, religion, national origin, age, disability, or sex. 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 shall require that its covered sub-organizations, successors, sub-Lessees and assignees provide assurances to Lessee that they shall also undertake affirmative action programs and that they shall require assurances from their sub-organizations, if so required by 14 C.F.R. Part 152, Subpart E, to the same effect.

Article 7: Airport Development Rights; Emergency Use of Premises; Flight Paths; Height Restrictions.

7.1 In addition to the GJRAA's other rights set forth in this Lease, the GJRAA reserves the right to further develop or improve all areas within the Airport, including landing areas, as the GJRAA may determine, in its sole discretion, to be in the best interests of the Airport, regardless of the desires or views of Lessee, and without further interference or hindrance from Lessee. The GJRAA may, from time to time, increase or decrease the size or capacity of any airfield areas and Airport rights-of-way/facilities, make alterations thereto, reconstruct or relocate them, modify the design and type of construction thereof, or close them, or any portion or portions of them, either temporarily or permanently, without being liable for any damages, including lost profits or revenues, that Lessee may incur, and without being deemed to have terminated this Lease as a result thereof.

7.2 Lessee hereby permits the GJRAA to utilize all, or a portion of, the Premises, as well as the public airfield areas and any other parts of the Airport, should an emergency or other unforeseen circumstance arise at the Airport, and should the GJRAA determine, in its sole discretion, that the GJRAA needs to utilize all or a portion of the Premises, or other areas of the Airport, for business, media, first aid, or other purposes, during the pendency of said emergency or other unforeseen circumstance. The GJRAA shall use best efforts to attempt to locate alternative space on the Airport from which Lessee may conduct its business, while the GJRAA is utilizing all or a portion of the Premises during the pendency of the emergency or unforeseen circumstances. If the GJRAA is not able to find alternate space on the Airport from which Lessee may conduct his business during said emergency or unforeseen circumstances, then Lessee may be entitled to an abatement of ground rent, if permitted by applicable law, allocable to that portion of the Premises utilized by the GJRAA for the length of time that the GJRAA utilizes said portion of the Premises. Finally, regardless of whether the GJRAA is able to locate alternate premises on the Airport for Lessee to conduct its business, Lessee shall not be entitled to any damages, including lost profits or revenues from the GJRAA, as a result of the GJRAA's utilization of the Premises or other areas of the Airport during the emergency or unforeseen circumstances involved, and Lessee shall continue to owe the GJRAA all landing fees and other fees and charges that accrue during said period.

7.3 It shall be a condition of this Lease that Lessee reserves unto itself, its successors, and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from, or operating at the Airport.

7.4 The GJRAA reserves the right to protect the aerial approaches of the Airport against obstruction, including the right to prohibit Lessee from erecting, or permitting to be erected, any building or other structure on the Premises which would, in the judgment of the GJRAA, limit the usefulness of the Airport or constitute a hazard to aviation. Lessee also expressly agrees, for itself, its successors, and assigns, to restrict the height of structures, objects of natural growth, and other obstructions on the Premises to such a height so as to comply with the Federal Aviation Regulations, including, but not limited to, Part 77. In the event the aforesaid covenant is breached, the GJRAA reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

7.5 GJRAA reserves the right to direct all activities of Lessee at the Airport in the event of an on-site emergency or in the event that Lessee's activities are substantially interfering with the use of the Airport by others.

7.6 Lessee expressly agrees for itself, its successors, and assigns to prevent any use of the Premises that would interfere or adversely affect the operation or maintenance of the Airport or that would otherwise constitute a hazard.

Article 8: Cooperation with GJRAA in Collecting Fees

8.1 Lessee acknowledges that commercial ground transportation operators who pick up their patrons at Lessee's Premises must pay access fees, as well as other fees and charges, to the GJRAA, pursuant to the GJRAA's Fees and Charges, as they may be amended from time to time, including those amounts established or amended after the Commencement Date of this Lease. Accordingly, in order to assist the GJRAA in determining the fees owed to the GJRAA by said ground transportation operators, Lessee will, to the best of its ability, provide in writing to the GJRAA on or before the fifth (5th) day of each month, the following information for each non-local taxicab, for-hire van, for-hire luxury limousine, for-hire people mover, for-hire bus, local hotel/motel courtesy vehicles, and off-Airport rental car operators (i.e., for each ground transportation vehicle operator other than local taxicab or on-Airport rental car operators) that picked up a ground transportation customer on Lessee's Premises during the preceding month: the name, business address, and telephone number of each operator involved; and the date and time of each customer picked up by each such operator during the preceding month.

8.2 Lessee shall provide to the GJRAA, or third-party governmental agency involved, such additional information or clarifications as may be requested, to (a) enable the GJRAA to calculate the landing fees, access fees, and other fees owed by aircraft and ground transportation operators to the GJRAA pursuant to the GJRAA's Fees and Charges, as the same may be amended from time to time, including those amounts established or amended after the Commencement Date of this Lease; (b) further the GJRAA's ability to market, promote and manage the Airport; or (c) to comply with governmental monetary collections and reporting requirements. Any subsequent changes or corrections in the information provided by Lessee shall be reported to the GJRAA and/or governmental agency involved within seven (7) days of Lessee's discovery of said changes or corrections.

8.3 Lessee shall not provide any storage or other services authorized hereunder to any aircraft operator, or permit a ground transportation operator to access its Premises to pick-up or drop off a ground transportation patron, if said aircraft or ground transportation operator is more than ninety (90) days delinquent in any monies owed to the GJRAA, and the GJRAA has sent written notice to Lessee instructing Lessee to cease providing its services or access to said operator.

8.4 Lessee shall comply with such other statutes, regulations, and directives regarding the collection, payment, and reporting of such taxes, fees, and other charges applicable to or for the benefit of the Airport, in the future.

Grand Junction Regional Airport Authority

Statements of Changes in Net Position

Unaudited - subject to change

As of Date: 12/31/2018

	Year to Date								Month Ending				
	12/31/2018	12/31/2018	12/31/2018	12/31/2017	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2017	12/31/2018	12/31/2018
	Budget	Forecast	Actual	actual	Budget Diff	Budget % Var	Forecast Diff	Forecast % Var	Budget	Actual	actual	Budget Diff	Budget % Var
Operating revenue													
Aeronautical revenue													
Passenger airline revenue													
Passenger airline landing fees	519,400	530,011	549,237	528,794	29,837	5.74 %	19,226	3.63 %	41,300	45,062	41,678	3,762	9.10 %
Terminal rent	1,182,000	1,181,844	1,181,844	1,185,355	(156)	(0.01) %	-	0.00 %	98,500	98,487	98,487	(13)	(0.01) %
Other (boarding bridge)	100,000	102,952	113,723	102,575	13,723	13.72 %	10,771	10.46 %	4,600	9,410	7,950	4,810	104.55 %
Total Passenger airline revenue	1,801,400	1,814,807	1,844,804	1,816,724	43,404	2.40 %	29,997	1.65 %	144,400	152,959	148,115	8,559	5.92 %
Non-passenger airline revenue													
Non-passenger landing fees	127,700	151,734	179,585	143,954	51,885	40.63 %	27,851	18.36 %	11,100	10,434	10,771	(666)	(5.99) %
Cargo and hangar rentals	51,600	51,777	52,213	51,173	613	1.18 %	436	0.84 %	4,300	4,373	4,287	73	1.68 %
Fuel tax & flowage fees	663,500	642,000	749,284	629,288	85,784	12.92 %	107,284	16.71 %	41,000	53,682	43,954	12,682	30.93 %
Other (ramp parking, rapid refuel)	1,200	4,320	5,880	3,030	4,680	390.00 %	1,560	36.11 %	100	570	630	470	470.00 %
Total Non-passenger airline revenue	844,000	849,831	986,962	827,445	142,962	16.93 %	137,131	16.14 %	56,500	69,059	59,642	12,559	22.22 %
Total Aeronautical revenue	2,645,400	2,664,638	2,831,766	2,644,169	186,366	7.04 %	167,128	6.27 %	200,900	222,018	207,757	21,118	10.51 %
Non-aeronautical revenue													
Land and building leases	591,600	594,801	596,024	573,410	4,424	0.74 %	1,223	0.21 %	73,419	49,627	50,951	(23,792)	(32.40) %
Terminal - restaurant & retail	119,100	127,998	136,217	125,230	17,117	14.37 %	8,219	6.42 %	9,100	11,431	9,772	2,331	25.61 %
Terminal - other	190,800	204,411	199,259	255,550	8,459	4.43 %	(5,152)	(2.52) %	15,900	15,041	21,296	(859)	(5.40) %
Rental cars	1,210,400	1,231,004	1,270,226	1,217,504	59,826	4.94 %	39,222	3.19 %	97,900	91,644	90,380	(6,256)	(6.38) %
Parking and ground transportation	1,463,700	1,457,543	1,431,272	1,476,492	(32,428)	(2.21) %	(26,271)	(1.80) %	135,300	143,401	143,780	8,101	5.98 %
Other (security fee, overtime fee, etc)	50,400	69,734	71,747	68,220	21,347	42.35 %	2,013	2.89 %	4,200	5,359	3,256	1,159	27.59 %
Total Non-aeronautical revenue	3,626,000	3,685,491	3,704,745	3,716,406	78,745	2.17 %	19,254	0.52 %	335,819	316,503	319,435	(19,316)	(5.75) %
Total Operating revenues	6,271,400	6,350,129	6,536,511	6,360,575	265,111	4.22 %	186,382	2.94 %	536,719	538,521	527,192	1,802	0.33 %

Grand Junction Regional Airport Authority

Statements of Changes in Net Position

Unaudited - subject to change

As of Date: 12/31/2018

	Year to Date								Month Ending				
	12/31/2018	12/31/2018	12/31/2018	12/31/2017	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2017	12/31/2018	12/31/2018
	Budget	Forecast	Actual	actual	Budget Diff	Budget % Var	Forecast Diff	Forecast % Var	Budget	Actual	actual	Budget Diff	Budget % Var
Operating expenses													
Personnel compensation and benefits	2,260,727	2,208,769	2,103,873	2,294,102	(156,854)	(6.93) %	(104,896)	(4.75) %	181,270	172,222	499,794	(9,048)	(4.99) %
Communications and utilities	344,076	328,640	304,172	292,520	(39,904)	(11.59) %	(24,468)	(7.45) %	35,723	30,079	25,453	(5,643)	(15.79) %
Supplies and materials	521,198	452,199	470,136	440,376	(51,062)	(9.79) %	17,937	3.97 %	25,683	59,028	48,636	33,344	129.83 %
Contract services	724,824	693,599	578,185	547,621	(146,639)	(20.23) %	(115,414)	(16.64) %	43,567	39,600	72,333	(3,967)	(9.10) %
Repairs & maintenance	397,465	425,724	397,962	349,878	497	0.12 %	(27,762)	(6.52) %	38,850	86,732	109,108	47,882	123.24 %
Insurance	92,850	92,871	92,983	93,944	133	0.14 %	112	0.12 %	7,555	7,552	7,993	(2)	(0.03) %
Other (travel, marketing, air service, etc)	393,015	309,097	260,471	267,724	(132,544)	(33.72) %	(48,626)	(15.73) %	83,215	40,216	14,317	(43,000)	(51.67) %
Total Operating expenses	4,734,155	4,510,899	4,207,782	4,286,165	(526,373)	(11.11) %	(303,117)	(6.72) %	415,863	435,429	777,634	19,566	4.70 %
Net Operating Income (Loss)	1,537,245	1,839,230	2,328,729	2,074,410	791,484	51.48 %	489,499	26.61 %	120,856	103,092	(250,442)	(17,764)	(14.69) %
Non-operating revenue (expenses)													
Passenger facility charges	900,100	894,184	926,819	901,542	26,719	2.96 %	32,635	3.65 %	78,300	84,554	82,102	6,254	7.98 %
Interest income	39,000	90,419	197,868	187,302	158,868	407.35 %	107,449	118.83 %	1,000	20,996	59,564	19,996	1,999.67 %
Interest expense	(841,744)	(841,723)	(648,434)	(1,318,486)	193,310	(22.96) %	193,289	(22.96) %	(69,526)	123,763	(189,750)	193,289	(278.00) %
Customer facility charges	722,300	710,820	713,144	719,971	(9,156)	(1.26) %	2,324	0.33 %	49,400	45,392	53,820	(4,008)	(8.11) %
Capital contributions	12,019,132	8,063,499	8,186,554	5,201,808	(3,832,578)	(31.88) %	123,055	1.53 %	317,402	5,355,187	943,056	5,037,785	1,587.19 %
Capital expenditures	(23,810,421)	(20,274,609)	(11,988,166)	-	11,822,255	(49.65) %	8,286,443	(40.87) %	(1,000,000)	(5,318,723)	4,904,607	(4,318,723)	431.87 %
Debt principal payments	(1,129,158)	(1,129,158)	-	-	1,129,158	(100.00) %	1,129,158	(100.00) %	(793,555)	335,603	435,933	1,129,158	(142.29) %
Other (Legal Settlement)	-	-	-	(150,410)	-	0.00 %	-	#DIV/0!	-	-	1,500	-	0.00 %
Total Non-operating revenue (expenses)	(12,100,791)	(12,486,568)	(2,612,215)	5,541,727	9,488,576	(78.41) %	9,874,353	(79.08) %	(1,416,979)	646,772	6,290,832	2,063,751	(145.64) %
Excess of revenue over (under) expense	(14,963,546)	(10,647,338)	(283,486)	3,454,685	14,680,060	(98.10) %	10,363,852	(97.34) %	(5,696,123)	749,864	1,878,938	6,445,987	(113.16) %

Variance Explanations - 12/31/18 Preliminary Financial Statements

December financial statement analysis includes both the original budget as well as forecasted 2018 results that were submitted with the 2019 budget. The forecast projected additional operating revenues of \$79k and decreased operating expenses of \$223k from the original budget.

The variance explanations below were provided for those categories that had variances to the original budget and/or annual 2018 forecast greater than \$10,000 and 10%.

Operating Revenues:

Non-passenger landing fees – Non-passenger landing fees exceeded the original budget and forecast amount by \$52k and \$28k, respectively. The landing fee variance was primarily related to the change in the FedEx schedule that was not reflected in the budget. FedEx had 2 flights per day in the first half of the year, while the 2018 budget only assumed one flight per day. This activity has returned to one daily flight and we are not currently expecting additional flights.

Fuel Tax and Flowage fees – Fuel Tax and Flowage fee revenue exceeded both budget and forecast by over \$85k which was mostly a result of the increased activity from the Wildfire activities as well as increased landings from FedEx discussed in non-passenger landing fees above. The timing of State fuel tax disbursements are dependent on the timing of when fuel taxes are remitted to CDOT and can vary from month to month. Additionally, it is noted that fuel tax revenues will not necessarily correlate with flowage because of Non-taxable Government and military operations. Overall this revenue stream was a positive variance from our expectations.

Restaurant & Retail – Restaurant revenue exceeded budget and forecast expectations for the year. The largest increase was recognized in the third quarter related to increased diversion traffic, however performance continued to be strong in the 4th quarter where we saw increased enplanements year over year compared to 2017 and restaurant and retail performance continued to exceed expectations.

Other (security fee, etc.) - Other revenue exceeded budget expectations, but was in-line with the revised forecast. This was primarily related to additional badging fees and some increases in advertising revenue in November and December following the expiration of the contract with Lamar.

Operating Expenses:

Communications and Utilities – Communications and utility expenses were below budget and the revised forecast, but are up from 2017. The budget and forecast anticipated increases in costs related to construction, but with the mild weather and timing of projects, we did not incur as many costs as we originally anticipated. We are coordinating the terminal project in 2019 to reduce additional heating and cooling costs and are also anticipating savings from the solar farm so we can continue to control and monitor these costs in future years.

Contract services – Contract services were under budget and the revised forecast primarily related to reduced legal and engineering services that were not spent. The increase from 2017 was primarily related to the contract for our rates and charges consultant to help develop a new airline lease and rate model as well as minimum standards updates.

Other expenses – Other expenses including marketing, air service development, training and contingency costs were under the 2018 budget, 2018 forecast and under 2017 actual spending. The original budget projected a 47% increase in spending as compared to 2017, with almost \$80,000 of the increase being related to marketing and air service development. We did not make major changes in marketing activities during 2018, and although there were efforts towards additional air service development, we did not spend the anticipated or budgeted amount.

Capital Revenues and Expenses:

Interest Income and Interest Expense – Interest income and interest expense did not meet budget or forecast predictions because we had anticipated an earlier start date for the terminal renovation project, but no bond funds were drawn in 2018 resulting in additional interest income, and reduced interest expense.

Capital contributions & Expenditures – Capital contributions and expenses were well below budget due to the timing of when that work was originally anticipated to be completed. However, capital contributions from grant revenue is in line with our re-forecasted projections. Additional adjustments are anticipated as we record the final contractor invoices and AIP grant receivables on projects for December.

Grand Junction Regional Airport Authority

Historical Financial Summary

Unaudited - subject to change

As of Date: 12/31/2018

		Year to Date				
		12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Cash Balance Summary						
Unrestricted Cash	\$	5,111,400	\$ 7,359,127	\$ 8,143,863	\$ 6,265,142	\$ 3,590,539
Restricted Cash						
PFC Funds		1,901,305	1,814,984	1,211,727	1,779,152	2,164,679
CFC Funds		932,702	646,500	687,036	538,310	392,574
Lease Deposits		165,000	164,194	160,733	150,953	114,715
Restricted Bond Funds		9,214,550	9,064,762	9,536,664	1,642,452	2,041,536
Total Restricted Cash		12,213,557	11,690,440	11,596,160	4,110,867	4,713,504
<i>Total Cash</i>	\$	17,324,957	\$ 19,049,567	\$ 19,740,023	\$ 10,376,009	\$ 8,304,043
Estimated Days Cash on Hand*						
		439	626	721	589	343

* Based on average annual operating expenses and considering all unrestricted cash available for operations

Operating Activity Summary

Total Operating Income	\$	6,536,511	\$ 6,360,576	\$ 6,230,407	\$ 6,400,317	\$ 6,550,426
Total Operating Expenses (excluding Depreciation)		(4,207,782)	(4,286,196)	(4,299,327)	(3,942,275)	(3,822,715)
<i>Net Operating Income</i>	\$	2,328,729	\$ 2,074,380	\$ 1,931,080	\$ 2,458,042	\$ 2,727,711

5-Year Cash Flow Projection Assumptions and Narrative February 19, 2019

The 5-year projected cash flow summaries reflect projected cash balances based on two different sets of assumptions. The following assumptions were considered in developing these projections:

Budget Scenario: The 5-year summary based on budget reflects the budget for 2019 and then have 1% increases in passenger traffic from 2020 – 2023 consistent with the terminal area forecast growth.

1. Unrestricted cash reflects all funds that are not specifically restricted for other purposes
2. PFC Funds – the PFC funds are restricted to PFC eligible projects that we have applied for. Based on our current PFC applications, all funds collected through 2034 will go towards funding projects. Based on discussions with the FAA, we do not have a requirement to hold a minimum balance in this account, and therefore, we plan to spend all available PFC funds collected.
3. CFC Funds – CFC collections are restricted for rental car facility improvements. The SIB loan will mature in 2019, and since we have not identified another large CFC eligible project at this time, we are assuming the balance of this account will continue to grow.
4. Lease Deposits – This balance reflects deposits that we are holding for our tenants as part of the lease. We have identified some deposits to be paid out when we completed our reconciliation, but we do not anticipate any additional changes in the short term based on the length of our leases, and our change to the lease document to no longer require lease deposits.
5. Restricted Bond Funds – this represents the amount that we have available to draw – currently we are projecting using about 75% of the funds in 2019 and will use the remaining amounts in 2020.
6. Estimated Days cash on Hand was calculated based on the average operating expenses of the prior 2 years. This projects how many days we could pay for regular operating expenses (excluding all capital projects or debt service) if we received no additional money. Target days cash on hand varies depending on industry but should probably be no less than 3 months of operating expenses (90 days).
7. Projected Operating Income – Operating income was based on budgeted revenues for 2019, except airline revenues which are based on our budgeted assumptions for activity levels, but incorporates the current proposed rates and charges model. This estimates approximately \$90,000 of additional revenue for 2018 as a result of the change in rates.

Future years of operating income that are tied directly to enplanement activity were projected to increase at 1% consistent with the projected enplanement increases from the Terminal Area Forecast (Concessions, PFC charges, and CFC charges, etc.)

Other concession revenues for rental cars and parking were expected to grow in the first year, but then remain constant over the remaining 5-year period. This reflects the fact that parking revenue has been in a slight decline, but that will be offset by passenger growth and we recognize that not all incoming passengers will necessarily rent cars, so we have also not grown this by the same amount.

Furthermore, we estimated that lease income will remain constant given the terms of our leases.

8. Operating Expenses are based on the 2019 budget as a base year with increases in following years of approximately 2% in all categories except compensation and benefits. To be conservative, and because of increasing labor rates in the state, this was projected to increase at 5% per year.
9. Customer Facility Charges are based on estimated rental car activity which is a function of enplanements and therefore is projecting minimal growth to match revenue growth.
10. Passenger Facility Charges are based on enplaned passengers and therefore is projected to grow at the same rate as enplanements.
11. Interest Income is expected to decline as we use the available bond funds and our other cash balances begin to decrease.
12. Interest Expense is based on scheduled debt service on the bonds.
13. Debt Principle payments are based on scheduled debt service on the bonds.
14. Grant Revenues are estimated to be \$250,000 of annual revenues from CDOT, as well as 90% of our annual AIP capital plan to be received from the FAA, except in 2022 in which we are projecting to receive an additional \$3M of revenue from CDOT to help rehab runway 4/22. This is not yet awarded but we have had conversations with the state about this project.
15. Non-AIP Capital Asset expense for 2019 is based on budget. In future years, we are projecting annual spending of approximately \$500k for asset replacements, upgrades, etc. for larger scale projects. In 2022, we are also anticipating the purchase of a new ARFF truck and rehab on runway 4/22 that will be primarily funded by the CDOT grant.
16. AIP capital expense is based on our CIP plan that we have been updating with the State.

Growth Scenario: Many of the assumptions were the same for growth as they were for budget, except the “base year” of calculation assumes a 5% increase in our commercial traffic versus our 2019 budget which is expected to remain flat. Only those areas that have different calculation assumptions have comments below.

7. Projected Operating Income – Operating income was based on 5% growth in commercial enplaned passengers from 2018. This is based on preliminary commercial schedule data through July that reflects growth from the new flights that are being added.

Future years of operating income are expected to increase based on the same assumptions as the budget projections, but using the 2019 growth year as the new base year.

8. Operating Expenses in the growth projection are expected to increase at the same rate as budget (5% in compensation and benefits and 2% in all other categories), plus an additional incremental cost of \$1.50/enplaned passenger was projected to cover additional costs of supplies, and small repairs from increased usage. Sustained growth of 5% or greater will have more long-term impacts on operating expenses, and capital expenses to maintain facilities or make capacity changes, but given the length of the projection, we only added the incremental costs.
16. AIP capital expense is based on our CIP plan that we have been updating with the State. Additionally, for 2019, this projection shows the increase in the scope of the terminal renovation project proposed at the board meeting today.

Grand Junction Regional Airport Authority

5-Year Summary of Projected Cash Flows - Budget Scenario

Unaudited - subject to change

As 12/31/2018

		Estimated Actual	Projected					Key Assumptions: - Assuming 2019 budget for passenger traffic - 1% passenger growth is expected in years 2020 - 2023 - Assumes we will spend restricted funds first (PFC and bond funds), prior to using unrestricted balances - Operating income that varies with activity was estimated to grow based on the passenger growth percentage assumed above. Additionally, airline revenues were based on the new proposed rates and charges methodology - We did project that parking revenue would not grow at the same rate as other variable revenues, but would be held constant with the base year - Operating Expenses are projected to grow at 2%-5% per year depending on the expense type
		12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	
Cash Balance Summary								
1	Unrestricted Cash	\$ 5,111,400	\$ 4,931,494	\$ 7,621,556	\$ 6,632,583	\$ 3,631,834	\$ 2,692,735	
Restricted Cash								
2	PFC Funds	1,901,305	926,800	-	-	-	-	
3	CFC Funds	932,702	1,336,902	1,985,332	2,644,689	3,315,136	3,996,840	
4	Lease Deposits	165,000	158,000	158,000	158,000	158,000	158,000	
5	Restricted Bond Funds	9,214,550	2,303,638	-	-	-	-	
Total Restricted Cash		12,213,557	4,725,340	2,143,332	2,802,689	3,473,136	4,154,840	
<i>Total Cash</i>		<i>\$ 17,324,957</i>	<i>\$ 9,656,833</i>	<i>\$ 9,764,888</i>	<i>\$ 9,435,272</i>	<i>\$ 7,104,970</i>	<i>\$ 6,847,574</i>	
6	Estimated Days Operating Cash on Hand*	418	366	535	450	242	173	
* Based on average annual operating expenses and considering all unrestricted cash available for operations								
Projected Cash Flows								
Estimated Cash from Operating Activities								
7	Total Operating Income	\$ 6,536,511	\$ 6,170,356	\$ 6,314,081	\$ 6,541,504	\$ 6,720,328	\$ 6,921,534	
8	Total Operating Expenses (excluding Depreciation)	(4,207,782)	(4,728,380)	(5,110,149)	(5,288,055)	(5,473,510)	(5,666,865)	
Estimated Cash provided (used) by Operations		<u>\$ 2,328,729</u>	<u>\$ 1,441,976</u>	<u>\$ 1,203,932</u>	<u>\$ 1,253,448</u>	<u>\$ 1,246,818</u>	<u>\$ 1,254,669</u>	
Estimated Cash from Capital and Financing Activities								
9	Customer facility charges received (CFC)	\$ 713,000	\$ 716,200	\$ 728,430	\$ 739,357	\$ 750,447	\$ 761,704	
10	Passenger facility charges received (PFC)	926,800	926,800	936,068	945,429	954,883	964,432	
11	Interest Income	197,800	62,400	15,000	15,000	15,000	15,000	
12	Interest Expense	(648,500)	(812,200)	(790,375)	(767,850)	(738,450)	(624,200)	
13	Debt Principal Payments	(1,403,000)	(924,700)	(735,000)	(765,000)	(879,000)	(879,000)	
14	Grants received	8,200,000	15,492,400	9,250,000	13,750,000	13,620,000	13,750,000	
15	Non-AIP Capital Asset Expense	(12,000,000)	(7,635,000)	(500,000)	(500,000)	(5,500,000)	(500,000)	
16	AIP Capital Expense		(16,936,000)	(10,000,000)	(15,000,000)	(11,800,000)	(15,000,000)	
Estimated Cash provided (used) by Capital and Financing Activities		<u>\$ (4,013,900)</u>	<u>\$ (9,110,100)</u>	<u>\$ (1,095,877)</u>	<u>\$ (1,583,065)</u>	<u>\$ (3,577,120)</u>	<u>\$ (1,512,064)</u>	
Estimated Increase (Decrease) In Cash		<u>\$ (1,685,171)</u>	<u>\$ (7,668,124)</u>	<u>\$ 108,055</u>	<u>\$ (329,616)</u>	<u>\$ (2,330,302)</u>	<u>\$ (257,395)</u>	

Grand Junction Regional Airport Authority

5-Year Summary of Projected Cash Flows - 5% Growth Scenario

Unaudited - subject to change

	Estimated Actual	Projected				
	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Cash Balance Summary						
1 Unrestricted Cash	\$ 5,111,400	\$ 4,734,551	\$ 7,651,959	\$ 6,883,116	\$ 4,119,740	\$ 3,427,159
Restricted Cash						
2 PFC Funds	1,901,305	957,461	-	-	-	-
3 CFC Funds	932,702	1,368,889	2,044,558	2,727,783	3,418,641	4,117,207
4 Lease Deposits	165,000	158,000	158,000	158,000	158,000	158,000
5 Restricted Bond Funds	9,214,550	2,303,638	-	-	-	-
Total Restricted Cash	12,213,557	4,787,987	2,202,558	2,885,783	3,576,641	4,275,207
<i>Total Cash</i>	<i>\$ 17,324,957</i>	<i>\$ 9,522,538</i>	<i>\$ 9,854,517</i>	<i>\$ 9,768,899</i>	<i>\$ 7,696,381</i>	<i>\$ 7,702,366</i>
6 Estimated Days Cash on Hand*	417	350	535	465	274	220
* Based on average annual operating expenses and considering all unrestricted cash available for operations						
Projected Cash Flows						
Estimated Cash from Operating Activities						
7 Total Operating Income	\$ 6,536,511	\$ 6,297,899	\$ 6,496,853	\$ 6,747,582	\$ 6,943,508	\$ 7,153,718
8 Total Operating Expenses (excluding Depreciation)	(4,207,782)	(4,745,266)	(5,127,204)	(5,305,281)	(5,490,908)	(5,684,437)
Estimated Cash provided (used) by Operations	\$ 2,328,729	\$ 1,552,633	\$ 1,369,649	\$ 1,442,301	\$ 1,452,601	\$ 1,469,281
Estimated Cash from Capital and Financing Activities						
9 Customer facility charges received (CFC)	\$ 713,000	\$ 748,187	\$ 755,669	\$ 763,225	\$ 770,858	\$ 778,566
10 Passenger facility charges received (PFC)	926,800	957,461	967,036	976,706	986,473	996,338
11 Interest Income	197,800	62,400	15,000	15,000	15,000	15,000
12 Interest Expense	(648,500)	(812,200)	(790,375)	(767,850)	(738,450)	(624,200)
13 Debt Principal Payments	(1,403,000)	(924,700)	(735,000)	(765,000)	(879,000)	(879,000)
14 Grants received	8,200,000	15,492,400	9,250,000	13,750,000	13,620,000	13,750,000
15 Non-AIP Capital Asset Expense	(12,000,000)	(7,942,600)	(500,000)	(500,000)	(5,500,000)	(500,000)
16 AIP Capital Expense		(16,936,000)	(10,000,000)	(15,000,000)	(11,800,000)	(15,000,000)
Estimated Cash provided (used) by Capital and Financing Activities	\$ (4,013,900)	\$ (9,355,052)	\$ (1,037,671)	\$ (1,527,919)	\$ (3,525,119)	\$ (1,463,296)
Estimated Increase (Decrease) In Cash	\$ (1,685,171)	\$ (7,802,419)	\$ 331,979	\$ (85,618)	\$ (2,072,519)	\$ 5,985

Key Assumptions:

- Assuming 5% increase in scheduled commercial passenger enplanements in 2019
- 1% passenger growth is expected in years 2020 - 2023
- Assumes we will spend restricted funds first (PFC and bond funds), prior to using unrestricted balances
- Operating income that varies with activity was estimated based on a per enplanement rate developed from the 2019 budget and was then applied to the estimated enplanements for the year. Additionally, airline revenues were based on the new proposed rates and charges methodology
- We did project that parking revenue would not grow at the same rate as other variable revenues, but would be held constant with the base year
- Operating Expenses are projected to grow at 2%-5% per year depending on the expense category. We also assumed a per passenger cost associated with growth. We did not at this time project any future investment that might be needed for growth, but did adjust operating expense expectations somewhat.