



Board Packet

Regular Board Meeting

March 26, 2019

Grand Junction Regional Airport Authority



Date: March 26, 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. February 12, 2019 Special Board Meeting Minutes _____ 1
- B. February 19, 2019 Meeting Minutes _____ 2
- C. Board Clerk and Deputy Clerk Appointment _____ 3
- D. Airport Fleet Vehicle Purchase _____ 4
- E. Airport Fleet – Mower Purchase/Trade-In _____ 5

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	F. Amended Standard Aeronautical Use Ground Lease _____	6
VII.	Action Item	
	A. Lease Assignment and Consent to Lease Assignment – Junction Aerotech, LLC and Store Master Funding VIII, LLC. _____	7
VIII.	Staff Reports	
	A. Director’s Report (Angela Padalecki)	
	B. Operations Report (Mark Papko)	
	C. Finance and Activity Report (Sarah Menge) _____	8
	D. Facilities Report (Ben Peck)	
	E. Project Report (Eric Trinklein)	
IX.	Any other business which may come before the Board Executive Session	
X.	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.	
XI.	Adjourn Executive Session	
	Consideration to amend Executive Director’s 2018 Employment Contract	
XII.	Adjournment	



Grand Junction Regional Airport Authority Board
Special Board Meeting
Meeting Minutes
February 12, 2019

SPECIAL 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 February 12, 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 (called in) Clay Tufly <i>Airport Staff:</i> Angela Padalecki, <i>Executive Director</i> Victoria Hightower, Clerk Aaron Morrison, Sarah Menge Eric Trinklein Shelagh O’Kane Ben Peck Mark Papko	<i>Other:</i> Shannon Kinslow, TOIL Joseph Burtard, Citizen Jared Easterlin, 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 Velardi seconded. Voice Vote. All Ayes.*

IV. Citizen Comments

Commissioner Velarde thanked Angela and the staff for the holiday party.

V. Action Items

A. RTR Construction Change Order

Commissioner Brabaek moved to approve RTR Construction Change Order #2. Commissioner Tufly seconded. Voice Vote. All Ayes.

B. Runup Pad Design Scope

Commissioner Tufly moved to approve Runup Pad Design Scope. Commissioner Velarde seconded. Voice Vote. All Ayes.

VI. Adjournment

Commissioner McDaniel moved to adjourn the Special Meeting. Commissioner Tufly seconded. Voice Vote. All Ayes.

The meeting adjourned at 5:35PM.

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

Tom Benton, Board Chairman

ATTEST:

Victoria Hightower, Clerk to the Board



Grand Junction Regional Airport Authority Board
Regular Board Meeting
Meeting Minutes
February 19, 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 February 19, 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 Ronald Velarde Thaddeus Shrader Clay Tufly <i>Airport Staff:</i> Angela Padalecki, <i>Executive Director</i> Victoria Hightower, <i>Clerk</i> Aaron Morrison, Sarah Menge Eric Trinklein Ben Peck Mark Papko Shelagh O’Kane	<i>Other:</i> Shannon Kinslow, TOIL Joseph Burtard, Citizen Brad Barker, CAP
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II. Pledge of Allegiance

III. Approval of Agenda

Commissioner McDaniel requested for Action Item A. under Action Items be removed.

Commissioner McDaniel moved for Action Item A. be removed. Commissioner Brabaek seconded. Voice Vote. All Ayes.

Commissioner Tufly moved for the agenda to be approved as amended. Commissioner Velarde seconded. Voice Vote. All Ayes.

IV. Commissioner Comments

V. Citizen Comments

VI. Consent Agenda

- A. January 15, 2019 meeting minutes
- B. Employee Handbook Update
- C. Procurement Policy Update
- D. Mead and Hunt 2019 Planning Scope
- E. Mead and Hunt Runway Design Task Order Amendment for Runup Pad
- F. Terminal Project Change Order
- G. Resolution to Approve CDOT Intern Grant
- H. Board Resolution to Revise Bond Project Estimates

Commissioner McDaniel moved for the Board to change item H. to reflect 5.8million and 2.7million. Commissioner Tufty seconded. Voice Vote. All Ayes.

Commissioner McDaniel moved to adopt the Consent Agenda as amended. Commissioner Brabaek seconded. Voice Vote. All Ayes.

VII. Action Items

- A. ~~Consideration of formal support for increased funding for Emergency Services affecting the Airport.~~

VIII. Discussion Items

- A. Updated Standard Ground Lease

IX. Staff Reports

- A. Director's report (Angela Padalecki)
- B. Finance and Activity Report (Sarah Menge)
- C. Operations Report (Mark Papko)
- D. Facilities Report (Ben Peck)
- E. Project Report (Eric Trinklein)
- F. Contactor Reports (Frank McIlwain, Scott Cary, Adam Shuler)

X. Any other business which may come before the Board

None.

XI. Executive Session

Executive session pursuant to CRS 24-6-402(4)(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 that Airport Director's annual review.

Commissioner Shrader moved for the board to move into executive session pursuant to CRS 24-6-402(4)(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 that Airport Director's annual review. Commissioner Velarde seconded. Voice Vote. All Ayes

The Board moved into Executive Session at 7:07PM

XII. 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:

Victoria Hightower, Clerk to the Board

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Board Clerk and Deputy Clerk Appointment								
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>						
RECOMMENDATION:	Staff recommends the Board appoint the new Director of External Affairs, Joseph Burtard, as Board Clerk. Furthermore, staff recommends appointing Human Resource and Administrative Specialist, Victoria Hightower, as Deputy Clerk.								
SUMMARY:	<p>OFFICERS:</p> <p>Section 4.2 of the Board's Bylaws The Board shall appoint a Clerk and Treasurer, and it may appoint a Deputy Clerk and Deputy Treasurer. The Clerk and Deputy Clerk need not be members of the Board, and such positions shall continue in office at the pleasure of the Board.</p> <p>Current positions held:</p> <table><thead><tr><th>Position</th><th>Currently Held by:</th></tr></thead><tbody><tr><td>Clerk</td><td>Victoria Hightower</td></tr><tr><td>Deputy Clerk</td><td>Chance Ballegeer</td></tr></tbody></table>			Position	Currently Held by:	Clerk	Victoria Hightower	Deputy Clerk	Chance Ballegeer
Position	Currently Held by:								
Clerk	Victoria Hightower								
Deputy Clerk	Chance Ballegeer								
REVIEWED BY:	Executive Director and Legal Counsel								
FISCAL IMPACT:	N/A								
ATTACHMENTS:	N/A								
STAFF CONTACT:	Angela Padalecki, Executive Director 970-244-9100 apadalecki@gairport.com								

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Airport Fleet - Vehicle Purchase		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Board authorize the staff to enter into a lease contract with Fuoco Motor Co. for a 2019 GMC Yukon - Fleet.		
DISCUSSION:	<p>The airport budgeted \$30,000 towards a vehicle purchase in 2019 while working on a long-term fleet and asset management plan. Based on staff's evaluation, we identified that a larger capacity vehicle with at least 7 passenger seats is the most beneficial addition to our vehicle fleet.</p> <p>In order to fill the need for this vehicle, and meet our objective of updating a fleet management plan, we identified that a lease financing option to purchase the vehicle allows us more flexibility.</p> <p>We obtained quotes from Ed Bozarth Chevrolet Buick, Fuoco Motor Company, and Western Slope Ford for an out-right purchase and lease payment options for a vehicle. Based on our evaluation, we believe the quote from Fuoco Motor Company that offers a 4-year lease to own arrangement with no mileage restrictions is the best choice. The quoted purchase price from Fuoco Motor Company represented a 21% discount from MSRP, and the next lowest bidder offered an 8% discount from MSRP on a comparable vehicle.</p> <p>The difference in cost between leasing the vehicle and purchasing it out-right is approximately \$4,500 in additional financing cost over the 4-year period.</p> <p>*Written documentation of these quotes are available upon request.</p>		
FISCAL IMPACT:	2019 Vehicle Cost: \$12,455 2019 Budget: \$30,000 2019 Remaining Fleet Budget Available for Mower Upgrades: \$17,545 Total Cost to be paid over 4 years: \$49,821		
REVIEWED BY:	Executive Director and Legal Counsel		
ATTACHMENTS:	2019 GMC Yukon Fleet Quotation/Bid from Fuoco Motor Co.		
STAFF CONTACTS:	Mark Papko mpapko@gjairport.com Office: 970-248-8596	Sarah Menge smenge@gjairport.com Office: 970-248-8581	

**GM FINANCIAL****Application for Equipment Lease**Grand Junction Regional Airport Authoritywww.gjairport.comLegal Name of Lessee (Applicant)2828 Walker Field Drive, Suite 301Website AddressGrand JunctionCOFed Tax ID#81506AddressCityStateZip**PERSON TO CONTACT FOR CLARIFICATION REGARDING PROJECT**Curtis HainerFleet SupervisorNameTitlechainer@gjairport.com970-248-8585EmailPhone**PERSON TO CONTACT FOR CLARIFICATION REGARDING FINANCIAL INFORMATION**Sarah MengeDirector of FinanceNameTitlesmenge@gjairport.com970-248-8581EmailPhone**OBLIGATIONS / ECONOMICS**

Are the Applicant's obligations Bank Qualified, i.e., does the Applicant reasonably anticipate that it will issue less than \$10 Million in tax-exempt financing (leases and bonds) this calendar year?

Bank Qualified ☒Non-Bank Qualified ☐

Please list the Applicant's current underlying bond rating from the rating agencies listed below:

Moody's Investors Service: Baa1

Standard & Poor's: _____

Fitch: _____

Discuss the Applicant's economic trends (stable, positive, negative) and reasons for any variation:

Has the Applicant ever defaulted or non-appropriated on an obligation?

Yes ☐No ☐

If yes, please explain:

DEMOGRAPHIC INFORMATION

Municipal Applicants Only (please attach any applicable demographic statistics):

Approx. square mile: _____

Current population: _____

Population Trending: Increasing ☐Decreasing ☐Stable ☐

If decreasing, please explain:

Educational Applicants Only

Current Enrollment: _____

Enrollment Trending: Increasing ☐Decreasing ☐Stable ☐

If decreasing, please explain:

List the number of schools by type in the district:

Elementary: _____

Middle: _____

High School: _____

Other: _____

Rev. 12/16

Page 1 of 2

COMPLETION OF THIS DOCUMENT IS NOT A BINDING COMMITMENT

DESCRIPTION OF EQUIPMENT PURCHASE

Purchase Description (please be specific and attach any applicable equipment lists or invoices available):
2019 GMC Yukon (TK15706) 4WD 4dr SLE

Is the Equipment replacing existing equipment? Yes ☐ No ☒

If yes, please state how long you have used the existing equipment and the reason you are replacing the equipment:
N/A

What will the Applicant do with the old equipment that is being replaced?
N/A

If no, please state the reason additional equipment is needed:
Additional Administrative Vehicle

Please describe in the detail the following (please be specific):

What is the intended use for the Equipment?
Primarily Administrative Office Staff use for attending meetings, taking airfield tours, and running errands

Describe the essential nature of the Equipment financed:
See intended use above - vehicle is essential to efficiently conducting day to day operations

List the specific department that will be the primary user of the Equipment:
Office and Administrative Staff

LEASE PAYMENTS

Will the lease payments be made from the Applicant's General Fund? Yes ☒ No ☐

If no, from which Special Fund will the lease payments be made?
N/A

Will any federal grant or loan monies be used? Yes ☐ No ☒

If yes, please describe:
N/A

TERMS AND CONDITIONS

Total Cost of Equipment: \$ 46,000⁰⁰ Down Payment: \$ 0 Amount to Finance: \$ 46,000

Term (In years): 4 yrs Equipment Delivery Date: EST 07/2019

Payment remittance (choose one): Annual/Advance ☒ Semi-Annual/Advance ☐ Quarterly/Advance ☐ Other: _____
Semi-Annual/Arrears ☐ Quarterly/Arrears ☐ Other: _____

Pinnacol

Insurance Company (or indicate self-insured) _____ \$ _____ Amount of Liability Insurance \$ _____ Amount of Property Damage Insurance

APPLICANT <u>GRAND JUNCTION REGIONAL AIRPORT AUTHORITY</u>	
BY (SIGNATURE) <u>Sarah L. Menge</u>	DATE <u>3/12/2019</u>
NAME <u>SARAH L. MENGE</u>	TITLE <u>DIRECTOR OF FINANCE</u>

Nothing herein contained shall be construed as creating an obligation upon GM Financial to extend or continue to extend credit. Borrower authorizes GM Financial to disclose information to any affiliate, assign, agent and third-party service provider, and hereby authorizes and directs any such creditor, bank, other institution and franchisor to disclose to GM Financial any information it may from time to time deem necessary, and hereby releases GM Financial and any such creditor, bank or other institution from any and all claims, demands, damages, expenses or liability whatsoever in connection with the disclosure of any information whatsoever.

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Airport Fleet – Mower Purchase/Trade-In		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Board authorize the Executive Director to award the described mower trade-in and purchase of two replacement mowers to U.S. Tractor & Harvest, Inc.		
LAST ACTION:	None		
DISCUSSION:	<p>The airport is due to cycle and replace two mowers within multiple departments of the airport. We will be trading in one airside mower (John Deere), cycling the same model from landside to airside and then purchasing and new updated model for the landside department. The second mower (Walker) will just be a straight trade-in and replace within the landside department.</p> <p>Purchase; 2019 John Deere Z997R Diesel W 72 In. - \$18,129.00 (landside) Trade in: 2013 John Deere 997 Large Frame 72 In. - \$7,569.00 (airside) Difference: \$10,560.00</p> <p>Purchase: 2019 Walker MDD-42 - \$14,941.00 (landside) Trade In: 2016 Walker MDD 42- \$8000.00 (landside) Difference: \$9,080.00</p> <p>*Written documentation of these quotes are available upon request.</p>		
FISCAL IMPACT:	Total \$19,640.00 Amount Remaining from Vehicle Budget: \$17,545		
REVIEWED BY:	Executive Director and Legal Counsel		
COMMUNICATION STRATEGY:	N/A		
ATTACHMENTS:	John Deere Quotation/Bid from U.S. Tractor & Harvest, Inc.		
STAFFCONTACT:	Mark Papko mpapko@gjairport.com Office: 970-248-8596		



Quote Summary

Prepared For:

Grand Junction Regional Airport
807 Eagle Dr
Grand Junction, CO 81506
Business: 970-244-9100

Prepared By:

Jerett Bond
U. S. Tractor & Harvest
1984 Hwy 6 & 50
Fruita, CO 81521
Phone: 970-241-5566
jerett@ustractor.com

Quote Id: 18930589**Created On:** 06 February 2019**Last Modified On:** 12 March 2019**Expiration Date:** 30 April 2019

Equipment Summary	Suggested List	Selling Price	Qty	Extended
2019 WALKER MDD-42-GHS-10	\$ 18,194.00	\$ 14,941.00 X	1 =	\$ 14,941.00
WALKER DC42-2	\$ 2,615.00	\$ 2,139.00 X	1 =	\$ 2,139.00
Equipment Total				\$ 17,080.00

Trade In Summary	Qty	Each	Extended
2016 WALKER MDD-42-GHS-10 - 140013	1	\$ 8,000.00	\$ 8,000.00
PayOff			\$ 0.00
Total Trade Allowance			\$ 8,000.00
Trade In Total			\$ 8,000.00

Quote Summary

Equipment Total	\$ 17,080.00
Trade In	\$ (8,000.00)
SubTotal	\$ 9,080.00
Est. Service Agreement Tax	\$ 0.00
Total	\$ 9,080.00
Down Payment	(0.00)
Rental Applied	(0.00)
Balance Due	\$ 9,080.00

Salesperson : X _____**Accepted By : X** _____



JOHN DEERE

Trade In



Quote Id: 18930589

Customer: GRAND JUNCTION REGIONAL AIRPORT

2016 WALKER MDD-42-GHS-10 SN# 140013	
Machine Details	
Description	Net Trade Value
2016 WALKER MDD-42-GHS-10	\$ 8,000.00
SN# 140013	
Your Trade In Description	
WALKER MODEL D, 21HP DIESEL, 10 BU HOPPER, 42" DECK, SOLID REAR TIRES	
Additional Options	
Hour Meter Reading	271
Total	
\$ 8,000.00	



JOHN DEERE



Quote Summary

Prepared For:

Grand Junction Regional Airport
807 Eagle Dr
Grand Junction, CO 81506
Business: 970-244-9100

Prepared By:

Jerett Bond
U. S. Tractor & Harvest
1984 Hwy 6 & 50
Fruita, CO 81521
Phone: 970-241-5566
jerett@ustractor.com

Quote Id: 18930589

Created On: 06 February 2019

Last Modified On: 12 March 2019

Expiration Date: 30 April 2019

Equipment Summary	Suggested List	Selling Price	Qty	Extended
JOHN DEERE Z997R DIESEL W 72 In. 7 IRON PRO SIDE DISCHARGE DECK	\$ 26,107.99	\$ 18,129.00 X	1 =	\$ 18,129.00

Equipment Total **\$ 18,129.00**

Trade In Summary	Qty	Each	Extended
2013 JOHN DEERE 997 LARGE FRAME MIDZ, 72"SD - 1TC997SCADF080732	1	\$ 7,569.00	\$ 7,569.00
PayOff			\$ 0.00
Total Trade Allowance			\$ 7,569.00

Trade In Total **\$ 7,569.00**

Quote Summary

Equipment Total	\$ 18,129.00
Trade In	\$ (7,569.00)
SubTotal	\$ 10,560.00
Est. Service Agreement Tax	\$ 0.00
Total	\$ 10,560.00
Down Payment	(0.00)
Rental Applied	(0.00)
Balance Due	\$ 10,560.00

Salesperson : X _____

Accepted By : X _____



JOHN DEERE

Trade In



Quote Id: 18930589

Customer: GRAND JUNCTION REGIONAL AIRPORT

2013 JOHN DEERE 997 LARGE FRAME MIDZ, 72"SD SN# 1TC997SCADF080732	
Machine Details	
Description	Net Trade Value
2013 JOHN DEERE 997 LARGE FRAME MIDZ, 72"SD SN# 1TC997SCADF080732 Your Trade In Description	\$ 7,569.00
Additional Options	
Hour Meter Reading	555
Total	\$ 7,569.00

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Aeronautical Use Ground Lease Agreement Amendments		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff recommend adoption of the Revised Standard Aeronautical-Use Ground Lease Agreement.		
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 terms in the standard ground lease for the following areas:</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. <p>Some additional clarifications and wording changes were made in addition to the term changes noted above, but the other changes were minimal.</p> <p>After adoption of the 2019 Standard Aeronautical-Use Ground Lease Agreement staff will notify existing tenants by email, regular mail, and certified mail that they have 90 days to convert their existing lease to the 2015 Standard Aeronautical-Use Ground Lease Agreement.</p>		
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, Colorado 81506

And

Dated: _____

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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 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.

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.

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 4.1 of this Lease, and other fees described in 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 = \$ _____ X 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 commercial 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.

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 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, 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, 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 1.7 above and the Expiration Date set forth in 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 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 one (1) additional option to extend the term of this Lease for five (5) years (an "Additional Option"). However, the total of the Primary Term and all option terms of this Lease shall not exceed thirty (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 one hundred twenty (120) days prior to the expiration of the then-current option, 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 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 Paragraph 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 Paragraph 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 & 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 shall be adjusted by the increase 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 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.

4.7 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 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 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 Paragraph 6.3, 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 Paragraph 6.3, 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 6.3 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, including but not limited to the FAA Grant Assurances 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 7.3, 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 7.3, 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: 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 8.1, 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 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 any existing or future lender holding a mortgage or deed of trust on the Premises. 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 review 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 sixty (60) days from the date set forth in Paragraph 1.1, above, to satisfy the foregoing contingencies. If, at the end of such sixty (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. 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 revise or amend Appendix I from time to time as may be necessary to comply with Federal, State, local, or GJRAA Rules and Regulations. Such changes shall be effective sixty (60) days after GJRAA advises Lesser of such changes in writing.

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

DRAFT

EXHIBIT B
Survey Including Common and Particular Description of the Premises

DRAFT

AERONAUTICAL USE GROUND LEASE

APPENDIX I

DRAFT

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 sublessees at the Airport. The initial amount of coverage provided to the GJRAA shall be, at least, \$1,000,000 per occurrence. 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 sublessees, 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 5.6 of this Lease Appendix shall survive the termination of this Lease.

5.6.2 As used in Paragraph 5.6.1, 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 6.1, 6.2, and 6.3, 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 6.1, 6.2, and 6.3, of this Lease Appendix. However, this Lease cannot be terminated for non-compliance with subparagraphs 6.1, 6.2, and 6.3, 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

Agenda Item Summary

TOPIC:	Lease Assignment and Consent to Lease Assignment – Junction Aerotech, LLC and Store Master Funding VIII, LLC.		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff recommends that the Board consent to the lease assignment between Junction Aerotech, LLC and Store Master Funding VIII, LLC, and authorize the Airport Director to execute the Assignment.		
LAST ACTION:	On April 20, 2018 the GJRAA approved a 2 nd addendum to the Junction Aerotech, LLC Ground Lease Agreement, reducing the total square footage as well as a tri-party agreement between GJRAA, Alpine Bank, and Junction Aerotech, LLC.		
DISCUSSION:	Junction Aerotech, LLC is selling their property to Store Master Funding VIII, LLC. Store Master Funding Also owns West Star Aviation's newest paint hangar. In the last few years GJRAA and Junction Aerotech, LLC have worked together to combined three ground leases into one (2016), amended the expiration dates and options (2017), reduced the total square footage and approved a tri-party agreement (2018). This action allows the consent and lease assignment to transfer from Junction Aerotech, LLC to Store Master Funding VIII, LLC.		
FISCAL IMPACT:	None.		
COMMUNICATION STRATEGY:	None.		
ATTACHMENTS:	<ol style="list-style-type: none">1. Assignment of Ground Lease Agreement and Consent to Assignment2. First and Second Addendums3. Tri-party Agreement		
STAFF CONTACT:	Angela Padalecki, Executive Director 970-244-9100 apadalecki@gjairport.com		

ASSIGNMENT OF GROUND LEASE AGREEMENT AND CONSENT TO ASSIGNMENT

This Assignment of Ground Lease Agreement and Consent to Assignment (the "Assignment") is entered into this _____ day of _____, 2019, by JUNCTION AEROTECH, LLC ("AEROTECH"), and STORE MASTER FUNDING VIII, LLC ("STORE"), and which is consented to by the GRAND JUNCTION REGIONAL AIRPORT AUTHORITY ("GJRAA").

Recitals

WHEREAS, GJRAA and AEROTECH entered into an Aeronautical Use Ground Lease dated as of April 1, 2016, as amended by that certain First Amendment to Aeronautical Use Ground Lease dated as of September 21, 2017 and as amended by that certain Second Amendment to Aeronautical Use Ground Lease dated as of April 2, 2018 (collectively, the "Ground Lease Agreement") by which AEROTECH agreed to lease certain real property and improvements (the "Improvements") from GJRAA; and

WHEREAS, the Ground Lease Agreement shall be collectively referred to herein as the "Lease."

THEREFORE, in consideration of the agreements set forth herein, as well as for other good and valuable consideration, all Parties agree as follows:

Agreement

1. AEROTECH hereby assigns to STORE all of its rights, title, and interest in, to, and under the Lease. STORE hereby agrees to assume and perform all obligations, liabilities, and responsibilities of AEROTECH under the Lease, which will arise or be incurred, or which are required to be performed, on or after the "closing" between AEROTECH and STORE for the sale of the Improvements. However, AEROTECH still remains responsible for all liabilities and obligations which accrued to AEROTECH under the Lease prior to the "closing".
2. This Agreement is to become effective on the date of the "closing," on the condition of the closing of the agreement between AEROTECH and STORE for the sale of the Improvements. Should such closing not be completed by May 31, 2019, this Agreement, as well as the consent of GJRAA, shall become null and void.
3. Subject to the conditions set forth in Paragraph 2, above, GJRAA releases AEROTECH from any and all obligations under the Lease that accrue on or after the "closing." Additionally, this release shall not be construed as a consent or waiver of any rights that GJRAA has to object to any subsequent sublease or assignment of the Lease.
4. AEROTECH hereby agrees to indemnify, defend, and hold STORE and GJRAA harmless from and against any and all liabilities, claims, demands, obligations, assessments, losses, costs,

damages, and expenses of any nature whatsoever, including, but not limited to, costs and reasonable attorney's fees, which STORE or GJRAA may incur, sustain, or suffer, or which may be asserted or charged against STORE or GJRAA, as a result of AEROTECH's performance or non-performance of its obligations, duties, responsibilities, covenants, and liabilities under the Lease being assigned prior to the "closing."

5. STORE hereby warrants, covenants, and agrees to diligently perform and discharge each and all of AEROTECH's obligations, duties, responsibilities, and covenants under the Lease and to indemnify, defend and hold AEROTECH and GJRAA harmless from and against any and all liabilities, claims, demands, obligations, assessments, losses, costs, damages, and expenses of any nature whatsoever, including, but not limited to, costs and reasonable attorney's fees, which AEROTECH or GJRAA may incur, sustain, or suffer, or which may be asserted or charged against AEROTECH or GJRAA, as a result of STORE's performance or non-performance of its obligations, duties, responsibilities, covenants, and liabilities under the Lease on or after the "closing."

6. AEROTECH warrants and agrees that as of the determined "closing" date, all due and payable rents, taxes, and/or assignments pertaining to the Lease or the Improvements have been paid in full.

7. STORE certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any governmental department or agency.

8. Upon execution of this Agreement, STORE shall provide a Security Deposit in accordance with the Lease.

9. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

10. This Agreement shall bind and inure to the benefit of the Parties executing this Assignment and Consent to Assignment and their respective heirs, successors, and permitted assigns.

IN WITNESS THEREOF, the Parties hereto have executed this Agreement on the date set forth below their signatures.

JUNCTION AEROTECH, LLC
1001 N.19TH STREET, SUITE 1401
ARLINGTON, VA 22096

STORE MASTER FUNDING VIII, LLC
8377 E. HARTFORD DRIVE, SUITE 100
SCOTTSDALE, AZ 85255

By: _____

By: _____

Date: _____

Date: _____

Approval of Assignment of Ground Lease Agreement

Effective upon proper execution by AEROTECH and STORE, and contingent on the closing of the agreement between AEROTECH and STORE for the sale of the Improvements, GJRAA hereby consents to the assignment of the Lease to STORE. Nothing in this consent shall be construed to expand or extend any term or condition of the Lease, or waive any performance of any term or condition of the Lease, except as expressly set forth herein.

GJRAA hereby certifies, as of the date hereof, to STORE, who in material reliance on the certifications included herein is entering into this Assignment, that: (a) the Lease is in full force and effect and has not been modified (except as described herein and in that certain Tri-Party Agreement between GJRAA, AEROTECH and Alpine Bank dated April 8, 2015, as amended by that certain Amendment to Tri-Party Agreement dated April 20, 2018); (b) the commencement dates under the Lease are as follows: Tract 1 12/31/2004, Tract 2 9/1/2005 and Tract 3 8/15/2008; the expiration date of the Lease is 8/15/2024 (subject to extension as set forth in the Lease); (c) rents and other amounts due and payable by AEROTECH under the Lease have been paid through March 31, 2019; (d) to GJRAA's actual knowledge, there are no existing, uncured defaults by AEROTECH in the performance of its obligations under the Lease; (e) no notice has been received by GJRAA of any default under the Ground Lease which has not been cured; and (f) the undersigned is duly authorized to execute this Approval of Assignment of Ground Lease Agreement on behalf of GJRAA.

Grand Junction Regional Airport Authority

By: _____

Its: _____

Date: _____

GRAND JUNCTION REGIONAL AIRPORT ACTIVITY REPORT

Report Date: 1/31/2019

PY Comparison Date: 1/31/2018

January, 2019

PASSENGER ENPLANEMENTS:	CURRENT MONTH			YEAR-TO-DATE		
	2018	2019	PERCENT CHANGE	2018	2019	PERCENT CHANGE
AMERICAN	7,444	8,599	15.52%	7,444	8,599	15.52%
ALLEGiant	1,148	1,088	-5.23%	1,148	1,088	-5.23%
UNITED	4,033	4,541	12.60%	4,033	4,541	12.60%
DELTA	2,899	3,432	18.39%	2,899	3,432	18.39%
DENVER AIR CONNECTION	751	589	-21.57%	751	589	-21.57%
SWIFT AIR	-	144	N/A	-	144	N/A
Southwest Charter	-	-	N/A	-	-	N/A
Misc Charters	-	-	N/A	-	-	N/A
TOTAL ENPLANEMENTS	16,275	18,393	13.01%	16,275	18,393	13.01%
TOTAL SEAT CAPACITY	23,435	23,109	-1.39%	23,435	23,109	-1.39%
PASSENGER DEPLANEMENTS:	2018	2019	CHANGE	2018	2019	CHANGE
AMERICAN	7,437	8,235	-100.00%	7,437	8,235	10.73%
ALLEGiant	1,116	1,081	0.00%	1,116	1,081	-3.14%
UNITED	4,550	4,882	7.30%	4,550	4,882	7.30%
DELTA	3,054	3,515	15.09%	3,054	3,515	15.09%
DENVER AIR CONNECTION	771	532	-31.00%	771	532	-31.00%
SWIFT AIR	-	144	N/A	-	144	N/A
Misc Charters	-	-	N/A	-	-	N/A
TOTAL DEPLANEMENTS	16,928	18,389	8.63%	16,928	18,389	8.63%
TOTAL PASSENGERS	33,203	36,782	10.78%	33,203	36,782	10.78%

LOAD FACTOR:(OUTBOUND ONLY)	CURRENT MONTH			YEAR-TO-DATE		
						Difference
AMERICAN	72.50%	84.07%	11.58%	72.50%	84.07%	11.58%
ALLEGiant	76.79%	69.74%	-7.05%	76.79%	69.74%	-7.05%
UNITED	72.67%	87.48%	14.81%	72.67%	87.48%	14.81%
DELTA	65.89%	72.99%	7.10%	65.89%	72.99%	7.10%
DENVER AIR CONNECTION	43.61%	46.09%	2.48%	45.08%	47.06%	1.99%
DENVER AIR CONNECTION CHARTERS	69.45%	79.59%	10.14%	36.67%	36.67%	0.00%
GJT TOTAL	69.45%	79.59%	10.14%	69.45%	79.59%	10.14%

GRAND JUNCTION REGIONAL AIRPORT ACTIVITY REPORT

January 31, 2019						
AIR FREIGHT ON (LBS):	CURRENT MONTH			YEAR-TO-DATE		
	2018	2019	PERCENT CHANGE	2018	2019	PERCENT CHANGE
American	900	891	-1.00%	900	891	-1.00%
FedEx	286,075	310,448	8.52%	286,075	310,448	8.52%
KEY LIME AIR	36,111	26,263	-27.27%	36,111	26,263	-27.27%
United	2,014	1,430	-29.00%	2,014	1,430	-29.00%
Delta	121	390	222.31%	121	390	222.31%
TOTAL FREIGHT ON	325,221	339,422	4.37%	325,221	339,422	4.37%
AIR FREIGHT OFF (LBS):						
American	1,241	1,418	14.26%	1,241	1,418	14.26%
FedEx	376,623	440,650	17.00%	376,623	440,650	17.00%
KEY LIME AIR	63,108	67,618	7.15%	63,108	67,618	7.15%
United	733	349	-52.39%	733	349	-52.39%
Delta	241	242	0.41%	241	242	0.41%
TOTAL FREIGHT OFF	441,946	510,277	15.46%	441,946	510,277	15.46%
TOTAL AIR FREIGHT	767,167	849,699	10.76%	767,167	849,699	10.76%

Grand Junction Regional Airport Authority

Statements of Changes in Net Position

Unaudited - subject to change

As of Date:

01/31/2019

	Year to Date			Budget Variance		Prior Year Variance	
	01/31/2019	01/31/2019	01/31/2018				
	Budget	Actual	actual	Budget Diff	Budget % Var	PY Diff	% Variance
Operating revenue							
Aeronautical revenue							
Passenger airline revenue							
Passenger airline landing fees	42,168	44,018	45,885	1,850	4.38 %	(1,866)	(4.07) %
Terminal rent	98,487	98,487	98,487	0	0.00 %	0	0.00 %
Other (boarding bridge)	17,722	16,327	9,608	(1,395)	(7.87) %	6,717	69.91 %
Total Passenger airline revenue	158,377	158,832	153,980	455	0.28 %	4,851	3.15 %
Non-passenger airline revenue							
Non-passenger landing fees	7,405	7,741	11,445	336	4.54 %	(3,702)	(32.35) %
Cargo and hangar rentals	4,372	4,373	4,287	1	0.00 %	85	1.99 %
Fuel tax & flowage fees	51,875	52,027	37,941	152	0.29 %	14,086	37.13 %
Other (ramp parking, rapid refuel)	370	420	660	50	13.51 %	(240)	(36.36) %
Total Non-passenger airline revenue	64,022	64,561	54,333	539	0.84 %	10,229	18.83 %
Total Aeronautical revenue	222,399	223,393	208,313	994	0.44 %	15,080	7.24 %
Non-aeronautical revenue							
Land and building leases	53,677	48,761	48,460	(4,916)	(9.15) %	301	0.62 %
Terminal - restaurant & retail	8,692	10,847	9,995	2,155	24.79 %	852	8.53 %
Terminal - other	15,857	15,041	21,296	(816)	(5.14) %	(6,254)	(29.37) %
Rental cars	87,176	84,720	87,088	(2,456)	(2.81) %	(2,368)	(2.72) %
Parking and ground transportation	110,285	125,936	109,716	15,651	14.19 %	16,219	14.78 %
Other (security fee, overtime fee, etc)	3,086	5,780	2,843	2,694	87.29 %	2,937	103.28 %
Total Non-aeronautical revenue	278,773	291,085	279,398	12,312	4.41 %	11,687	4.18 %
Total Operating revenues	501,172	514,478	487,711	13,306	2.65 %	26,767	5.49 %

Grand Junction Regional Airport Authority

Statements of Changes in Net Position

Unaudited - subject to change

As of Date:

01/31/2019

	Year to Date			Budget Variance		Prior Year Variance	
	01/31/2019	01/31/2019	01/31/2018				
	Budget	Actual	actual	Budget Diff	Budget % Var	PY Diff	% Variance
Operating expenses							
Personnel compensation and benefits	215,232	199,151	156,834	(16,080)	(7.47) %	42,317	26.98 %
Communications and utilities	35,911	31,867	30,977	(4,044)	(11.26) %	890	2.87 %
Supplies and materials	81,901	44,558	41,272	(37,343)	(45.59) %	3,286	7.96 %
Contract services	55,757	38,569	36,603	(17,189)	(30.82) %	1,966	5.37 %
Repairs & maintenance	25,951	13,363	19,049	(12,587)	(48.50) %	(5,686)	(29.85) %
Insurance	7,529	7,604	7,993	75	0.99 %	(389)	(4.87) %
Other (travel, marketing, air service, etc)	53,563	18,087	14,554	(35,476)	(66.23) %	3,533	24.27 %
Total Operating expenses	475,844	353,199	307,282	(122,644)	(25.77) %	45,917	14.94 %
Net Operating Income (loss)	25,328	161,279	180,429	135,951	536.76 %	(19,150)	(10.61) %
Non-operating revenue (expenses)							
Passenger facility charges	61,700	74,258	61,501	12,558	20.35 %	12,757	20.74 %
Interest income	5,400	21,541	11,644	16,141	298.91 %	9,897	85.00 %
Interest expense	(68,081)	(68,081)	(70,634)	0	0.00 %	2,553	(3.61) %
Customer facility charges	40,900	41,068	23,408	168	0.41 %	17,660	75.44 %
Capital contributions	564,948	0	30,572	(564,948)	(100.00) %	(30,572)	(100.00) %
Capital expenditures	(3,444,718)	(138,159)	(5,488)	3,306,559	(95.98) %	(132,670)	2,417.25 %
Total Non-operating revenue (expenses)	(2,839,851)	(69,373)	51,003	2,770,478	(97.55) %	(120,375)	(236.02) %
Excess of revenue over (under) expense	(2,814,523)	91,906	231,432	2,906,429	(103.26) %	(139,525)	(60.29) %

Variance Explanations - 1/31/19 Preliminary Financial Statements

The variance explanations below were provided for those categories that had variances to the budget of greater than \$10,000 and 10%.

Operating Revenues:

Parking and Ground Transportation – Parking and ground transportation exceeded budgeted revenue for January. This is primarily a reflection of the increased passenger traffic in January. Although seat capacity remained relatively flat from January of 2018 to January of 2019, load factors increased from 69% to 79%.

Operating Expenses:

Supplies and Materials – There were a number of purchases that were budgeted for 2019 that we anticipated purchasing in the first two months of the year including new computers and radios, however, the order lead time on some of these items was longer than anticipated and were not received in the first month.

Contract Services – Contract services are under-budget primarily in our legal and IT professional service expenses. The difference related to IT is primarily related to the timing of recurring invoices, however, we have conservatively budgeted for legal expenses, and expect this category to remain under budget throughout the year, unless something unexpected arises.

Repairs and Maintenance – Due to the unexpected nature of repairs and maintenance activity, these costs were projected to be incurred relatively evenly throughout the year, however, January expenses for repairs and maintenance were approximately \$10,500 below budget, accounting for the majority of the budget to actual difference.

Other Operating Expenses – Other Operating expenses includes education and training, travel and meetings, professional dues, marketing and our contingency budget. Contingency was budgeted evenly throughout the year and accounts for almost \$13k of the budget variance as none of these funds have been spent yet. The other cost categories that were under budget were Training, Travel, and Dues. We have a number of ARFF certifications scheduled in the first quarter as well as staff training and conferences, so this will likely be more in line with budget after first quarter.

Non-Operating Revenues and Expenses:

PFC Revenue – PFC revenue was budgeted based on projected enplanements, however, due to the lag in receiving PFCs (received approximately 2 months after the month that it relates to) we are showing a positive budget variance because the budget is based on January enplanements, but the revenue is actually from November 2018 enplanements which is historically one of our busiest months.

Interest Income - Interest income was budgeted conservatively and assuming that the bond funds would be spent down by now, however, we still have a strong cash balance and have not used bond funds at this time, therefore interest income exceeded expectations.

Capital Contributions & Expenditures – Capital contributions and expenditures were budgeted to rollover from the 2018 projects that were not completed in the first quarter. However, with the government shutdown, and limited work days due to weather, there was almost no activity in January on the AIP projects. The Non-AIP expenses represent the terminal project costs.

Grand Junction Regional Airport Authority

Statement of Financial Position - Highlights

Unaudited - subject to change

As of Date:

	01/31/2019	12/31/2018	11/30/2018
Assets			
Cash and Cash Equivalents			
Unrestricted Cash	6,585,181	5,111,853	7,143,133
Restricted Cash	3,073,995	2,998,554	3,643,384
Available Bond Funds - Restricted	9,231,888	9,214,549	9,198,554
Total Cash and Cash Equivalents	18,891,064	17,324,956	19,985,071
 Total Accounts Receivable	 3,613,189	 7,349,486	 1,213,715
 Total Prepaid Expenses	 101,268	 95,090	 76,789
 <i>Total Current Assets</i>	 22,605,522	 24,769,531	 21,275,575
Liabilities			
Total Accounts Payable and Accrued Liabilities	4,504,391	6,825,574	3,815,253
 Deferred Revenue - Current Portion	 33,880	 25,067	 3,568
 Bonds and Notes Payable - Current Portion	 1,252,628	 1,184,546	 643,570
 Other Current Liabilities	 359,521	 372,733	 335,719
 <i>Total Current Liabilities</i>	 6,150,421	 8,407,920	 4,798,109