



Board Packet

Regular Board Meeting

May 21, 2019

Grand Junction Regional Airport Authority



Date: May 21, 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.

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- B. HUB Insurance Contract _____ 2
- C. GMF Investments, LLC. Ground Lease Changes _____ 3
- D. Tower Cab Glass Replacement _____ 4
- E. Airfield Painting _____ 5

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	E. Project Report (Eric Trinklein)	
IX.	Any other business which may come before the Board	
X.	Adjournment	



Grand Junction Regional Airport Authority Board
Regular Board Meeting
Meeting Minutes
April 16, 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 April 16, 2019 in Grand Junction, Colorado and in the County of Mesa.

<p><u>Commissioners Present:</u> Tom Benton (Chairman) Chuck McDaniel (Vice-Chairman) Erling Brabaek Thaddeus Shrader (Phone Participation) Rick Taggart Clay Tufly</p> <p><u>Airport Staff:</u> Joseph Burtard (Clerk) Karl Hanlon (Counsel) Sarah Menge Aaron Morrison Shelagh O’Kane Angela Padalecki (Executive Director) Mark Papko Ben Peck Eric Trinklein</p>	<p><u>Guests:</u> Brad Barker, CAP Shannon Kinslow, TOIL Joe Vaccarelli, Daily Sentinel</p>
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II. Pledge of Allegiance

III. Approval of Agenda

Commissioner Tufly moved for the agenda to be approved. Commissioner Shrader seconded. Voice Vote. All Ayes.

IV. Commissioner Comments

No commissioner comments were made.

V. Citizen Comments

No citizen comments were made.

VI. Consent Agenda

A. March 26, 2019 Meeting Minutes

B. Petal Limited and Aero-GJT Ground Lease Changes

Commissioner Taggart moved to adopt the Consent Agenda. Commissioner Tufly seconded. Voice Vote. All Ayes.

VII. Action Items

Amend Executive Director's Employment Contract

Commissioner Tufly moved to approve the amendment to the Executive Director's Employment Contract. The amendment includes a 2.7 percent increase in the annual salary of \$160,000 to \$164,000 and a 1.3 percent bonus of \$2,080. Directors took into consideration wage increases of comparable sized airports and the maximum 4 percent merit wage increases for GJRAA employees. Commissioner McDaniel seconded the motion. Voice Vote. All Ayes.

VIII. Staff Reports

A. Director's Report (Angela Padalecki)

B. Operations Report (Mark Papko)

C. Finance and Activity Report (Sarah Menge)

D. Facilities Report (Ben Peck)

E. Project Report (Eric Trinklein)

IX. Any other business which may come before the Board

No other business was discussed.

X. Adjournment

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

The meeting adjourned at approximately 6:10 PM.

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

Tom Benton, Board Chairman

ATTEST:

Joseph R. Burtard, Clerk to the Board

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	HUB Insurance Services Contract Extension
PURPOSE:	Information <input type="checkbox"/> Guidance <input type="checkbox"/> Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff recommends approval of the contract extension to May 31, 2020 for HUB International Insurance Services
DISCUSSION:	<p>HUB is the insurance broker for the airport covering general liability, auto, D & O and medical insurance policies. The airport and HUB entered into an agreement on April 22, 2015 for insurance broker services.</p> <p>An extension was executed to extend the contract through December 31, 2018. GJRAA desired to extend the contract for another year to May 31, 2020. The attached extension will allow the airport to continue using HUB through the renewal period for all policies expiring June 1, 2020, with the exception of medical insurance, which expires September 1, 2020.</p>
REVIEWED BY:	Executive Director and Legal Counsel
FISCAL IMPACT:	\$10,000 – amount is included as part of the total insurance expense budget in the 2019 budget
ATTACHMENTS:	Extension agreement
STAFFCONTACT:	Sarah Menge 970-248-8581 smenge@gjairport.com

Agreement for Professional Insurance Brokerage Services

Second Extension

THIS SECOND EXTENSION TO FEE AGREEMENT (this "Extension") is hereby entered into by and between Grand Junction Regional Airport Authority ("GJRAA"), located at 2828 Walker Field Drive, Grand Junction, CO 81506 and HUB International Insurance Services, Inc. ("HUB"), located at 2747 Crossroads Blvd., Grand Junction, CO 81506.

WHEREAS, the Parties entered into that certain Agreement for Professional Insurance Brokerage Services (the "Agreement") and First Extension for the provision of commercial general liability, professional liability, commercial automobile liability, and workers' compensation, and other insurance policies therein identified on April 22, 2015; and

WHEREAS, the term of said Agreement is set to end December, 2018, unless otherwise extended by the Parties; and

WHEREAS, GJRAA desires to extend the term of said Agreement until May 31, 2020, and HUB desires to so serve for such period.

NOW, THEREFORE, in consideration of the mutual promises contained in the Agreement for Professional Insurance Brokerage Services, and as set forth in this Extension, the Parties agree as follows:

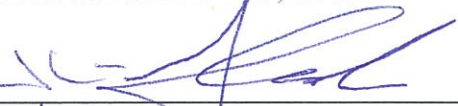
1. First Extension of Term. The term of the Agreement for Professional Insurance Brokerage Services is hereby extended and shall continue through May 31, 2020 related to the policy period from July 1, 2019 – May 31, 2020, unless otherwise extended by the Parties.

2. Remainder of Agreement Unchanged. All other provisions of the Agreement for Professional Insurance Brokerage Services, including any attachments thereto, shall remain unchanged and in full force and effect during the period of this Extension. Any provisions of said Agreement for Professional Insurance Brokerage Services in conflict herewith shall be resolved by equitable agreement the Parties to effectuate their mutual understanding.

IN WITNESS WHEREOF, the Parties have signed this Extension to be effective as of May 31, 2019.

HUB INTERNATIONAL
INSURANCE SERVICES, INC.

GRAND JUNCTION
REGIONAL AIRPORT AUTHORITY

By: 
Name: JEFF VAN GULICK
Title: EVP COMMERCIAL LINES
Date: 5/16/19

By: _____
Name: _____
Title: _____
Date: _____

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	GMF Investments, LLC Ground Lease Changes
PURPOSE:	Information <input type="checkbox"/> Guidance <input type="checkbox"/> Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff recommends that the board approve GMF Investments, LLC request to move their current ground leases to the 2015 Ground Lease Agreement and authorize the Airport Director to execute the lease.
SUMMARY:	<p>At the March 26, 2019 Board meeting the Board approved the 2019 ground lease agreement and gave the nine tenants on pre-2015 leases until July 1, 2019 to notify the Airport they would like to move to the 2015 lease. Staff notified these tenants via certified mail and email.</p> <p>Ms. Kay Ferris of GMF Investments, LLC has requested to move their current ground leases to the 2015 ground lease. With board approval, six (6) tenants remain on pre-2015 ground lease agreements.</p>
REVIEWED BY:	Executive Director
FISCAL IMPACT:	None
ATTACHMENTS:	GMF Investments, LLC Ground Lease Agreement
STAFF CONTACT:	Chance Ballegeer Airport Security Coordinator / Property Manager Email: cballegeer@gairport.com Office: 970-248-8586

AERONAUTICAL USE GROUND LEASE

**Grand Junction Regional Airport
Grand Junction, Colorado**

Between

**GRAND JUNCTION REGIONAL AIRPORT AUTHORITY
2828 Walker Field Drive Ste. 301
Grand Junction, CO 81506
("GJRAA")**

And

**GMF Investments, LLC
862 Quail Run Drive
Grand Junction, CO 81505
("Lessee")**

Dated: May 1, 2019

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

1. 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: March 19, 1996
- 1.2 Lessee: GMF Investments, LLC
- 1.3 Lessee's Trade Name: N/A
- 1.4 Lessee's Address and Telephone Number: 862 Quail Run Drive, Grand Junction, Colorado 81505;

1.5 GJRAA'S Address and Telephone Number: 2828 Walker Field Drive Ste 301, 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: May 22, 2019

1.8 Expiration Date: May 31, 2036

1.9 Initial Minimum Insurance Coverage Amount. Automobile, general liability, bodily injury and property damage insurance, written on an occurrence basis, with a limit of \$1,000,000 per occurrence, and which names the GJRAA as an additional insured (See paragraph 8.1.1 below).

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 \$ 4,413.66 per year paid monthly at \$367.81, 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 29,307.20 square feet of the Premises, (36,987.20 – 7,680 = 29,307.20) the above rent will be calculated as follows: \$.1506 per square foot x 29,307.20 square feet = \$4,413.66 ÷ 12 months = \$367.81.

1.12 Permitted Uses. The permitted uses shall include the construction and/or occupation of a hangar and/or other structure subject to the provisions of this Lease, which together with the Premises themselves, shall be used primarily for aeronautical purposes, including, but not limited to, the parking, storing and maintaining aircraft owned or leased by Lessee or other third parties, other activities associated with aircraft ownership, and aeronautical-related businesses. The permitted uses shall exclude the sale and provision of fuel to aircraft.

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 36,987.20 square feet, which includes 7,680 square feet of OFA and 29,307.20 square feet of other area.

Date to Complete Improvements. N/A

1.15 Additional Provisions. N/A

1.16 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.

1.17 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. The version of the Minimum Standards in effect on the date this Lease was adopted by the GJRAA Board of Commissioners on December 19, 2000, and was last revised on July 19, 2005.

1.18 Security Deposit: \$1,360.84

2. Article: 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. Lessee leases the Premises in an "as is" and "with all faults" condition, without any express or implied warranties or representations from the GJRAA that the Premises, or any portions thereof, are suitable for a particular purpose, or can accommodate any particular weight or size of aircraft.

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

2.3 Quiet Enjoyment. Upon the payment of Rent when due, as well as upon the payment of any other fees when due, and upon the performance of any and all other conditions stated herein, Lessee shall peaceably have, possess and enjoy the Premises and other rights granted herein, without hindrance or disturbance from the GJRAA, subject to the GJRAA's rights as discussed herein and/or pursuant to any applicable law or regulation. Notwithstanding the provision set forth in the preceding sentence or any other provision of this Lease, the GJRAA

and any Lessee of the GJRAA shall have the right to traverse that portion of the Premises not occupied by a hangar or other structure, if the GJRAA, in its sole discretion, believes that such access is necessary or desirable for the efficient operations of the Airport, the GJRAA, or another Lessee.

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

3. 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").

3.2 Option to Renew: N/A

3.3 Additional Option Terms. In addition to the option term provided in Section 3.2 above, Lessee shall have up to two (2) additional options to extend the term of this Lease for five (5) years each (an "Additional Option"). However, the total of the Primary Term and all option terms of this Lease shall not exceed 50-years. The GJRAA shall offer an Additional Option to a Lessee if, and only if:

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

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

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

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

- (c) Lessee is not in default under this Lease,
- (d) Lessee is not in default in any other financial obligation to the GJRAA, and/or
- (e) The granting of any Additional Option would not violate any FAA Grant Assurance or the provisions of any applicable law or regulation.

3.3.3 The factors referred to in paragraph 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.

4. Article 4: Rent, Security Deposit & Other Fees

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

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

4.3 Other Fees and Charges. In addition to the Monthly Ground Rent described above:

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

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

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

4.6 Security Deposit. Lessee shall deposit with the GJRAA, a security deposit in the amount set forth in paragraph 1.19 above. This deposit is to be held by the GJRAA as security during the entire term of the Lease for all of Lessee's obligations hereunder. Any and all accrued interest on Lessee's security deposit shall be applied to Lessee's account, on an annual basis. The security deposit shall be made at the time the Lease is signed by Lessee, unless the same has

been previously paid in the full amount set forth above. The GJRAA reserves the right to withhold some or all of the deposit if Lessee abandons the leasehold in a condition that requires the GJRAA to expend money or labor to repair. A detailed list of expenses shall be provided to Lessee if any or all of the security deposit is withheld.

4.7 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.

4.8 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.

5. Article 5: Improvements

5.1 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:

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

5.1.2 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

5.2 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.

5.3 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.

5.4 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.

6. Article 6: Maintenance, Utilities, Damage and Storage

6.1 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, though, 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.

6.2 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.

6.3 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.

6.4 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.

6.5 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.

7. Article 7: 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.

8. Article 8: Insurance and Indemnification

8.1 Minimum Insurance Requirements. At all times during the term of this Lease:

8.1.1 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, the Initial Minimum Insurance Coverage Amount, as that term is defined in Paragraph 1.9, above. The GJRAA may, from time to time, and in its sole discretion (which shall be reasonably exercised), increase the amount of required insurance due hereunder by amending the GJRAA's Fees and Charges, and these amendments shall apply to Lessee, including those amendments that occur after the Commencement Date of this Lease.

8.1.2 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.

8.1.3 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.

8.2 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.

8.3 Indemnification. Lessee agrees that :

8.3.1 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.

8.3.2 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.

8.3.3 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).

9. Article 9: Assignment and Subleasing

9.1 Assignment by Lessee. Lessee shall not assign its interest herein without the written consent of the GJRAA, which consent shall not be unreasonably withheld. All subsequent assignors and assignees shall be subject to this Lease as if they were the original Lessee/assignor.

9.2 Subletting. Lessee may 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.

9.3 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.

9.4 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.

10. Article 10: Compliance with Applicable Law; Environmental Covenants

10.1 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.

10.2 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.

10.3 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, 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.

10.4 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.

10.5 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.

10.6 Hazardous Materials.

10.6.1 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by Lessee, its agents, employees, representatives, subLessees, contractors, subcontractors, licensees, or invitees, without the prior written consent of the GJRAA. If Lessee breaches this obligation, or if the presence of Hazardous Material on the Premises is caused or permitted by Lessee and results in contamination of the Premises, then Lessee shall indemnify, defend and hold the GJRAA harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, the diminution in value of the Premises, damages for the loss or restriction on the use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on the marketing of space, sums paid in settlement of claims, attorney fees, consultant fees and expert fees) which arise during or after the term of this Lease as a result of such contamination. This indemnification of the GJRAA by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remediation,, or any removal or restoration work required by any Federal, State, or local government agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises is caused or permitted by Lessee and it results in any contamination of the Premises, Lessee shall promptly take all actions, at its sole expense, that are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the

Premises, provided that the GJRAA's approval of such actions shall first be obtained. Lessee's obligations in Paragraph 10 of this Lease shall survive the termination of this Lease.

10.6.2 As used in paragraph 10.6.1, 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.

10.6.3 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.

11. Article 11: Nondiscrimination

11.1 Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree 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.

11.2 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.

11.3 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.

11.4 Non-compliance with subparagraphs 11.1, 11.2, and 11.3, 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 11.1, 11.2, and 11.3. However, this Lease cannot be terminated for non-compliance with subparagraphs 11.1, 11.2, and 11.3 until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including exercise or expiration of appeal rights.

11.5 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.

12. Article 12: Eminent Domain, Substitution of Premises, & Subordination

12.1 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.

12.2 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.

12.3 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 subparagraph 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.

12.4 Nothing in subparagraph 12.3, 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 subparagraph 12.3, 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 12.3 shall not apply.

12.5 This Lease and all provisions hereof shall be subject and subordinate to the terms and conditions of all existing and future instruments, documents, contracts, or agreements between the GJRAA and any Federal, State, or local government, or any agency thereof, as well as subject and subordinate to the requirements of any current or future Federal, State, or local

statute, rule, regulation, ordinance, or directive governing the operation of the Airport, and the GJRAA shall not owe any damages to Lessee, such as for lost profits or revenues, as a result of the GJRAA's compliance with said instruments, documents, contracts, agreements, statutes, rules, regulations, ordinances, or directives. The GJRAA shall also be excused from its obligations to pay Lessee eminent domain compensation or to provide substitute leasehold premises pursuant to this Article for its compliance with said instruments, documents, contracts, agreements, statutes, rules, regulations, ordinances, or directives, unless specifically directed otherwise by those instruments, documents, contracts, agreements, statutes, rules, regulations, ordinances, or directives.

13. Article 13: Airport Development Rights; Emergency Use of Premises; Flight Paths; Height Restrictions.

13.1 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.

13.2 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.

13.3 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.

13.4 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.

13.5 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.

13.6 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.

14. Article 14: Cooperation with GJRAA in Collecting Fees

14.1 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.

14.2 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.

14.3 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.

14.4 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.

15. Article 15: Expiration and Termination

15.1 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.

15.2 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.

15.3 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.

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

16. Article 16: Default and Remedies

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

16.1.1 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;

16.1.2 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;

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

16.1.4 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.

16.2 Upon an Event of Default as defined in paragraph 17.1, 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:

16.2.1 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.

16.2.2 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.

16.2.3 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.

16.2.4 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.

16.3 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.

16.4 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.

16.5 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.

16.6 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.

16.7 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.

17. Article 17: Miscellaneous Provisions

17.1 **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.

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

17.3 **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.

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

17.5 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.

17.6 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.

17.7 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.

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

17.9 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.

17.10 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.

17.11 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.

17.12 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.

17.13 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.

17.14 Incorporation of Exhibits. The Exhibits 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.

17.15 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.

17.16 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.

17.17 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.

17.18 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.

17.19 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: May 6, 2019

By: *R. Kay Ferris*

Its:

EXHIBIT A

Description of the Premises

EXHIBIT B

Survey Including Common and Particular Description of the Premises

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Tower Cab Window Replacement
PURPOSE:	Information <input type="checkbox"/> Guidance <input type="checkbox"/> Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff recommends that the Board approve staff to execute the quotation from Glass Brokerage Inc, with a not to exceed price of \$31,000.00.
SUMMARY:	Three sections of glass in the cab of the air traffic control tower have lost their seals and allow for condensation to accumulate between the glass panes; staff budgeted for replacement of these glass sections in the 2019 operating budget. Bids were solicited from three local glass companies. One quotation was received, one company was non-responsive, and the third company was not equipped to perform the job. The quotation received was for \$30,292.03.
REVIEWED BY:	Executive Director
FISCAL IMPACT:	Not to exceed \$31,000.00
ATTACHMENTS:	Quotation
STAFF CONTACT:	Ben Peck Director of Facilities Email: bpeck@gjairport.com Office: 970-248-8589

GLASS BROKERAGE INC.
118 NORTH 22ND CT
2200 EAST MAIN STREET
GRAND JUNCTION, CO 81501
PH:970-243-4507 FAX:970-242-6970

Copy 1

Federal Tax ID: 36-4775651
 State License: 7073

P/O#:	Cust State Tax ID: 98-00432-0000	Quote: Q068471
Taken By: MIKE	Cust Fed Tax ID:	
Installer:	Ship Via:	
SalesRep:	Adv. Code:	Date: 5/7/2019
		Time: 08:17 AM

Bill To: G J REG AIRPORT AUTH

Sold To: G J REG AIRPORT AUTH

GRAND JUNCTION REGIONAL AIRPORT AUTHORITY
 2828 WALKERFIELD DRIVE #301
 GRAND JUNCTION, CO 81506

BID/ TOWER

970-244-9100 FAX: 241-9103 CELL: 261-5903-MANUEL

Qty	Part Number	Description	List	Disc%	Sell	Total
2	TEMP INSBRZ-1"	(102" x 92") 1" BRONZE INSULATED TEMPERED UNIT- NO WARRANTY OVERSIZED	\$3,506.66	0	\$3,506.66	\$7,013.32
1	TEMP INSBRZ-1"	(84" x 92") 1" BRONZE INSULATED TEMPERED UNIT- NO WARRANTY OVERSIZED	\$3,506.66	0	\$3,506.66	\$3,506.66
1	GENLABOR	CRANE RENTAL	\$3,950.00	0	\$3,950.00	\$3,950.00
1	GENLABOR	MEA/ INSTALL DISPOSE	\$9,975.00	0	\$9,975.00	\$9,975.00
1	GENLABOR	POWER CUP RENTAL	\$2,475.00	0	\$2,475.00	\$2,475.00
2	FREIGHT	FREIGHT POWER CUP	\$1,450.00	0	\$1,450.00	\$2,900.00
1	ENERGY SURCHARGI	ENERGY FUEL SURCHARGE	\$472.05	0	\$472.05	\$472.05

ALL WORK TO BE PERFORMED DURING REGULAR BUSINESS HOURS(M-F 8-5)
 PER MFG 90 DAY BID ON MATERIALS

NET 10 DAYS

Total:

Sub Total: \$30,292.03

Tax: \$0.00

Total: \$30,292.03

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	Airfield Painting
PURPOSE:	Information <input type="checkbox"/> Guidance <input type="checkbox"/> Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Staff recommends that the Board approve staff to execute the quotation from Straight Stripe for 18,650.00
SUMMARY:	With the upcoming FAA Part 139 inspection the airfield has several areas that need routine/refreshed painting. Most of these areas require advanced equipment and expertise beyond our staff's abilities. Quotes were solicited from two national companies. Straight Stripe had the lowest bid for this project at \$18,650.00. Price is within budgeted amount.
REVIEWED BY:	Executive Director
FISCAL IMPACT:	\$18,650.00
ATTACHMENTS:	Quotation
STAFF CONTACT:	Mark Papko Director of Operations Email: mpapko@gairport.com Office: 970-248-8596

Straight Stripe Painting, Inc.

1812 W Sunset Blvd #1-525

St George, UT 84770

O: 435-656-0930

F: 435-634-0580



A Certified DBE Company UT, AZ, CA, ID, MT, NV, WY

Contractor: Grand Junction Airport
 Address: 2628 Walker Field Dr.
 Grand Junction, Colorado 81506

Phone:
 Fax / Email: 970-812-2716 Mpapko@gjairport.com

Estimate # 06906

Date Submitted: 5/10/2019

CO License # 20101637509

Requested By: Mark Papko
 Project Name: Grand Junction Airport Various Pavement Markings
 Project Location: Grand Junction, Colorado
 DBW: N/A

Estimate By:
J. Jake Adams
 Cell: 435-669-6748
jake@straightstripe.com

Item #	Item Description	Quantity	U of M	Unit Price	Total
	<u>Various Pavement Markings</u>				
	Mobilization & Demobilization	1	Lump Sum	\$ 5,500.00	\$ 5,500.00
	SIDA Boundary Markings	1	Lump Sum	\$ 3,600.00	\$ 3,600.00
	Broken TWY Edge Marking full Length	1	Lump Sum	\$ 1,800.00	\$ 1,800.00
	Hold Position markings on RWY 4/22 and TWY C	1	Lump Sum	\$ 2,000.00	\$ 2,000.00
	TWY A Centerline	1	Lump Sum	\$ 2,500.00	\$ 2,500.00
	Lead-in Lines off of RWY 11/29	1	Lump Sum	\$ 1,500.00	\$ 1,500.00
	Enhanced Markings on A3-A7	1	Lump Sum	\$ 1,750.00	\$ 1,750.00

- * Mobilizations will be charge EACH time we are called to the job
- * Straight Stripe will use a 18HP Blower for cleaning surface prior to painting.
- * Permanent Paint application bid using TT-B 1952 E, Type II - 115 SF/Gal - 10 lbs. TTB 1325D Type III Glass Media (one application of paint will be applied)
- * Pavement Markings removal is not included in the quote.
- * Straight Stripe bid does not include closing the runway or taxiway connectors with NOTAM's

Total \$ 18,650.00

This estimate is valid for a period of 30 days from the date of this estimate. Any invoice submitted by our company shall be due 30 days after the date of such invoice. Any invoice not paid within the 30 day period will accrue interest at a rate of 21% per annum until paid in full. Furthermore, in the event collection activities become necessary, our company shall be entitled to recover all of its costs incurred in the collection of the amounts due and owing under this estimate, including but not limited to attorneys' fees and court costs.

Customer Name: _____ Signature: _____
 (print name)

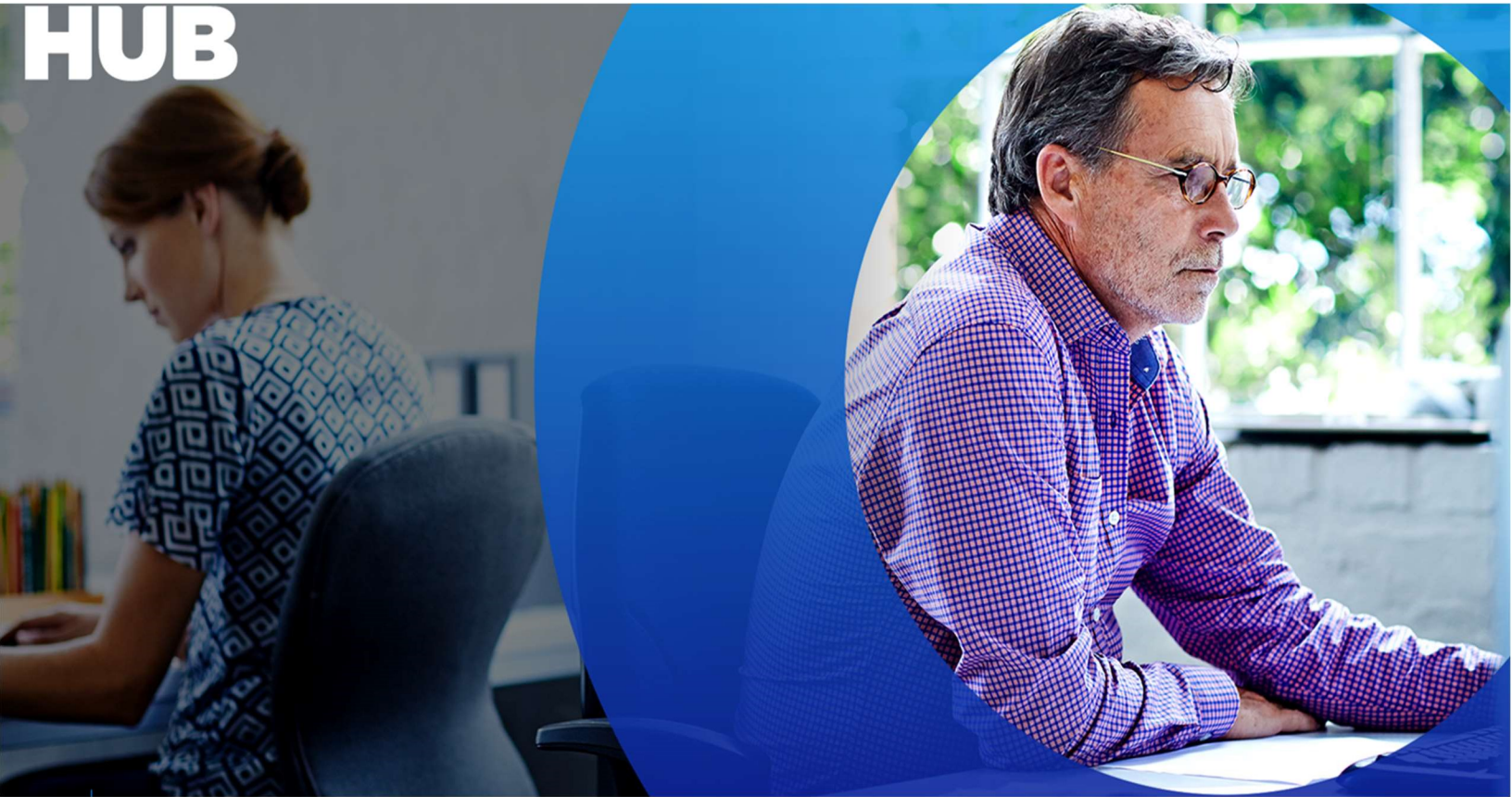
Grand Junction Regional Airport Authority

Agenda Item Summary:

TOPIC:	Airport Insurance Policy Renewal
PURPOSE:	Information <input type="checkbox"/> Guidance <input type="checkbox"/> Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Board approval of the 2019-2020 renewal of property and casualty insurance brokered by HUB International.
DISCUSSION:	<p>As our broker, HUB International requested bids from various insurance agencies for the Airport property and casualty insurance policies. Based on quotes obtained by HUB on our behalf and based on staff evaluation of the deductible and insured value options, we are recommending renewal for 2019-2020 with estimated premiums totaling \$103,060.</p> <p>The increase is primarily due to increased activity and total covered property values the following policies:</p> <ol style="list-style-type: none">1. Property and Inland Marine - \$6,9382. Airport General Liability - \$3,524 <p>For property and inland marine – the total insured value of assets based on the different valuation methodologies increased from \$23.2M in 2018 to \$32.3M in 2019. In order to balance some of the increases in value to off-set the total cost, we also are recommending increasing the deductible for property and inland marine coverage to \$25,000. We believe this deductible offers the most amount of savings without sacrificing coverage. We also believe \$25,000 is a tolerable risk level for us to use for a claim on our property and equipment.</p> <p>For Airport General Liability – this is driven primarily by the level of activity each year which measured by the annual budget. In 2018, total budgeted revenues were \$19.7M as compared to \$26.2M budgeted in 2019.</p>
REVIEWED BY:	Executive Director and Legal Counsel
FISCAL IMPACT:	Annual Premium \$103,060 Operating Budget \$92,700
ATTACHMENTS:	Board Renewal Summary
STAFF CONTACT:	Sarah Menge 970-248-8581 smenge@gjairport.com



HUB



Commercial Insurance Proposal

June 1, 2019 to June 1, 2020

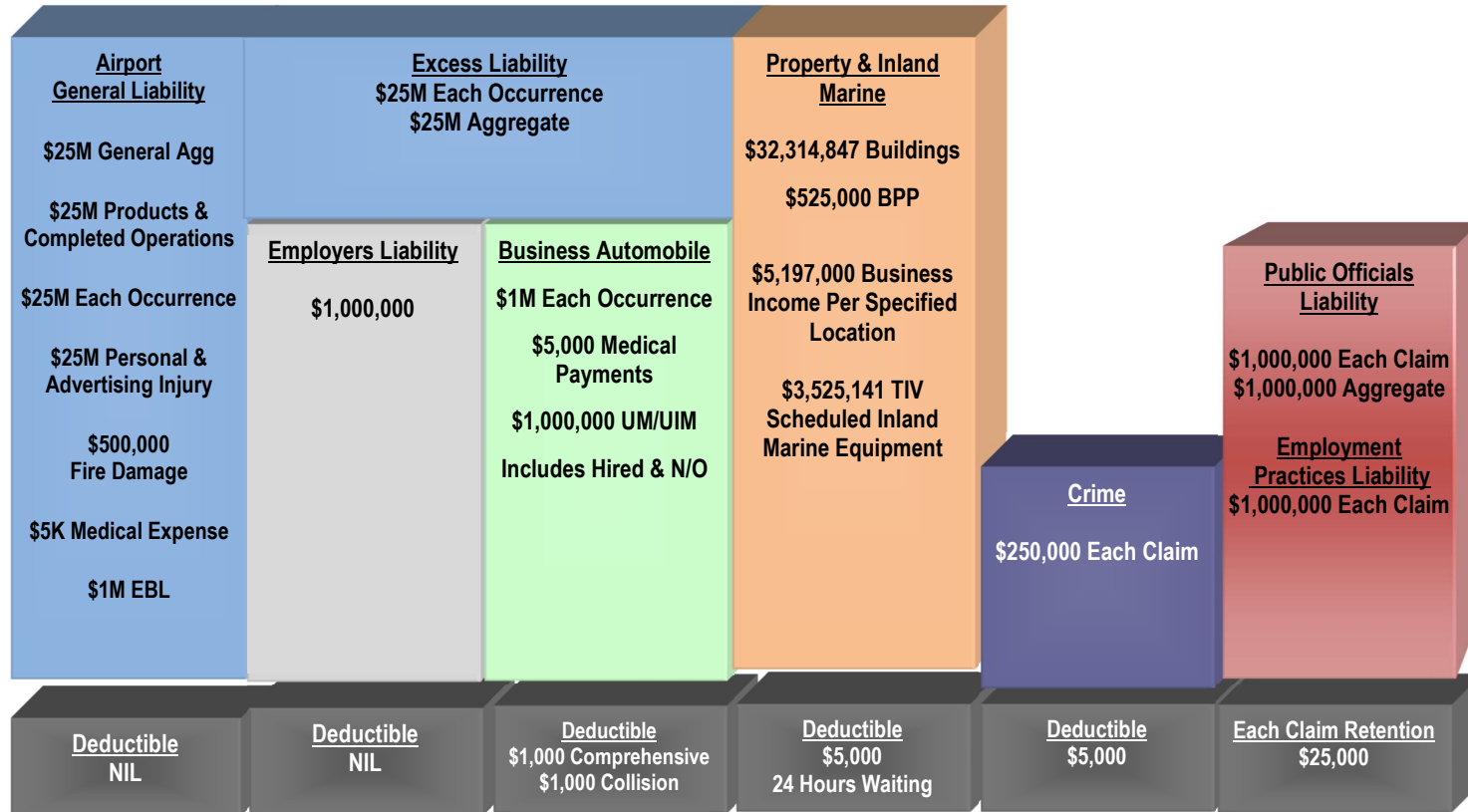


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Property & Casualty Program Structure





Renewal Premium Summary

Coverage	Expiring		Renewal	
	Carrier	Premium	Carrier	Premium
Property and Inland Marine		\$29,610		\$36,548
Airport General Liability Including Terrorism and War		\$20,812		\$24,336
Automobile Liability & Physical Damage		\$8,100		\$9,092
Public Officials Liability		\$19,856		\$21,230
Crime		\$1,970		\$1,854
Broker Fee		\$10,000		\$10,000
Total Premium		\$90,348		\$103,060

Subjectivities and Items for Discussion

Crime Coverage

- No subjectivities to bind.

Public Officials Liability Coverage

- Receipt of fully completed, signed and dated PGU renewal business application needed to bind coverage. **Signed Application received.**
- Increased operations, slight employee count increase, and revenue estimate factoring into the renewal quote over last year.

Business Auto Liability Coverage

- Receipt of signed state forms.
- One additional units over last year's renewal quote factoring into the change in premium.

General Liability Coverage






- Receipt of signed TRIA and Signed Application needed to bind coverage. **Signed Application received.**
- Increased operations, aircraft landings, and revenue estimate factoring into the renewal quote over last year.

Property and Inland Marine

- Property Values confirmed, so the blanket limit for buildings is adequate
- Rates remained flat over expiring. Increased premium is due to increased values on building, business personal property, and scheduled/unlisted equipment items.
 - Property – Expiring Building TIV \$23,214,847, Renewal TIV \$32,314,847
 - Contractor Equipment – Expiring TIV \$2,661,406, Renewal \$2,815,141
 - Scheduled Property – Expiring \$510,585, Renewal \$530,000
- Base Quote with \$5,000 Deductible - \$42,469
- Deductible Options:
 - Property \$10,000 Deductible – savings of \$2,314
 - **Property \$25,000 Deductible – savings of \$4,623 – Recommended for selection**
 - Property \$50,000 Deductible – savings of \$5,283
 - Inland Marine \$10,000 Deductible – savings of \$578
 - **Inland Marine \$25,000 Deductible – savings of \$1,298 - Recommended for selection by staff**



Payment Terms

Insurer	Line of Business	Payment & Frequency	Method
	Property, Inland Marine and Equipment Breakdown	Annual in Full	Agency Bill
	Airport General Liability	Annual in Full	Agency Bill
	Automobile Liability & Physical Damage	Annual in Full	Agency Bill
	Public Officials Liability	Annual in Full	Agency Bill
	Broker Fee	Annual in Full	Agency Bill

Agency Bill – Invoices are generated by HUB and payments are made to HUB













Direct Bill – Invoices are generated by the insurer and payments are made to the insurer. In the event of cancellation due to non-payment of premium, notices will be sent to you directly from the insurer and payment must be made directly to the insurer. **HUB International Insurance Services Inc. will not notify you of a pending cancellation.**

Mail	Overnight	Wire
HUB International Insurance Services Inc. PO Box 844544 Dallas, TX 75284-45	HUB International Insurance Services Inc. Bank of America Lockbox Services Lockbox #844544 1950 N. Stemmons Freeway Suite 5010 Dallas, TX 75207	HUB International Southwest c/o Bank of America Chicago, IL 60604 ABA (for ACHs): 071000039 ABA (for Wires): 026009593 Account # 8765216785

***Premium Finance quotes available upon request**



Service Action Plan

Activity	Responsibility	Date Due
Pre Renewal Strategy Meeting / Request Applications & Underwriting Data		Week of March 1st, 2019
Renewal Applications & Exposures received from Client		Week of April 1st, 2019
Submission completed to markets		April 1st to April 5th, 2019
Quotes due		Week of May 1st, 2019
Quote Proposal	 	Week of May 6th, 2019
Final decision including written client acknowledgment and instruction to bind		Week of May 16th, 2019
Coverage Renewals	 	June 1st, 2019
Binders, Certificates, ID card issuance and claims reporting instructions		June 1st, 2019
Deliver coverage summary		July 1st, 2019
Deliver renewal policies		July/August 2019

GRAND JUNCTION REGIONAL AIRPORT ACTIVITY REPORT

Report Date: 3/31/2019
 PY Comparison Date: 3/31/2018

March, 2019

PASSENGER ENPLANEMENTS:	CURRENT MONTH			YEAR-TO-DATE		
	2018	2019	PERCENT CHANGE	2018	2019	PERCENT CHANGE
AMERICAN	8,195	9,427	15.03%	22,856	25,591	11.97%
ALLEGIANT	1,282	1,251	-2.42%	3,473	3,382	-2.62%
UNITED	4,550	6,856	50.68%	12,410	16,130	29.98%
DELTA	3,202	3,809	18.96%	8,872	10,099	13.83%
DENVER AIR CONNECTION	1,061	879	-17.15%	2,733	2,165	-20.78%
SWIFT AIR	-	148	N/A	146	292	100.00%
Southwest Charter	-	141	N/A	115	141	22.61%
Misc Charters	-	63	N/A	-	63	N/A
TOTAL ENPLANEMENTS	18,290	22,574	23.42%	50,605	57,863	14.34%
TOTAL SEAT CAPACITY	24,282	27,370	12.72%	69,126	73,899	6.90%
PASSENGER DEPLANEMENTS:	2018	2019	CHANGE	2018	2019	CHANGE
AMERICAN	8,536	9,936	16.40%	24,424	26,935	10.28%
ALLEGIANT	1,217	1,164	-4.35%	3,427	3,248	-5.22%
UNITED	5,610	9,253	64.94%	17,305	20,704	19.64%
DELTA	3,322	4,559	37.24%	10,451	11,324	8.35%
DENVER AIR CONNECTION	1,087	808	-25.67%	2,725	2,100	-22.94%
SWIFT AIR	-	148	N/A	146	292	100.00%
Misc Charters	-	141	N/A	115	141	22.61%
TOTAL DEPLANEMENTS	19,772	26,009	31.54%	58,593	64,744	10.50%
TOTAL PASSENGERS	38,062	48,583	27.64%	109,198	122,607	12.28%

LOAD FACTOR:(OUTBOUND ONLY)	CURRENT MONTH			YEAR-TO-DATE		
	2018	2019	Difference	2018	2019	Difference
AMERICAN	75.64%	85.44%	9.79%	75.33%	80.35%	5.02%
ALLEGIANT	85.81%	89.10%	3.29%	80.47%	80.29%	-0.17%
UNITED	79.13%	80.36%	1.23%	75.44%	81.15%	5.71%
DELTA	71.16%	81.01%	9.85%	68.78%	74.24%	5.46%
DENVER AIR CONNECTION	62.27%	56.78%	-5.48%	56.41%	56.57%	0.16%
DENVER AIR CONNECTION CHARTERS	75.32%	82.48%	7.15%	36.67%	32.59%	-4.07%
GJT TOTAL	75.32%	82.48%	7.15%	73.21%	78.30%	5.09%

Grand Junction Regional Airport Authority

Statements of Changes in Net Position

Unaudited - subject to change

As of Date:

03/31/2019

	Month			Budget Variance		Prior Year Variance	
	03/31/2019	03/31/2019	3/31/2018	Budg \$ Var	Budg % Var	PY \$ Var	PY % Var
	Budget	Actual	PY Actual				
Operating revenue							
Aeronautical revenue							
Passenger airline revenue							
Passenger airline landing fees	46,665	56,087	45,765	9,422	20.19 %	10,322	22.55 %
Terminal rent	98,487	98,487	98,487	0	0.00 %	0	0.00 %
Other (boarding bridge)	10,055	9,523	18,905	(532)	(5.29) %	(9,382)	(49.63) %
Total Passenger airline revenue	155,207	164,097	163,157	8,890	5.73 %	940	0.58 %
Non-passenger airline revenue							
Non-passenger landing fees	7,742	7,741	12,455	(1)	(0.01) %	(4,714)	(37.85) %
Cargo and hangar rentals	4,372	4,373	4,287	1	0.02 %	86	2.01 %
Fuel tax & flowage fees	57,993	66,192	62,587	8,199	14.14 %	3,605	5.76 %
Other (ramp parking, rapid refuel)	370	570	540	200	54.05 %	30	5.56 %
Total Non-passenger airline revenue	70,477	78,876	79,869	8,399	11.92 %	(993)	(1.24) %
Total Aeronautical revenue	225,684	242,973	243,026	17,289	7.66 %	(53)	(0.02) %
Non-aeronautical revenue							
Land and building leases	49,540	48,760	49,267	(780)	(1.57) %	(507)	(1.03) %
Terminal - restaurant & retail	11,278	17,738	12,162	6,460	57.28 %	5,576	45.85 %
Terminal - other	15,857	15,041	21,296	(816)	(5.15) %	(6,255)	(29.37) %
Rental cars	92,357	108,100	63,098	15,743	17.05 %	45,002	71.32 %
Parking and ground transportation	122,453	146,019	111,632	23,566	19.24 %	34,387	30.80 %
Other (security fee, overtime fee, etc)	3,590	7,636	4,904	4,046	112.70 %	2,732	55.71 %
Total Non-aeronautical revenue	295,075	343,294	262,359	48,219	16.34 %	80,935	30.85 %
Total Operating revenues	520,759	586,267	505,385	65,508	12.58 %	80,882	16.00 %

Grand Junction Regional Airport Authority

Statements of Changes in Net Position

Unaudited - subject to change

As of Date:

03/31/2019

	Month			Budget Variance		Prior Year Variance	
	03/31/2019	03/31/2019	3/31/2018				
	Budget	Actual	PY Actual	Budg \$ Var	Budg % Var	PY \$ Var	PY % Var
Operating expenses							
Personnel compensation and benefits	188,248	196,521	243,054	8,273	4.39 %	(46,533)	(19.15) %
Communications and utilities	23,771	26,121	23,553	2,350	9.89 %	2,568	10.90 %
Supplies and materials	37,682	47,171	40,865	9,489	25.18 %	6,306	15.43 %
Contract services	36,957	42,277	87,930	5,320	14.40 %	(45,653)	(51.92) %
Repairs & maintenance	31,576	27,963	15,404	(3,613)	(11.44) %	12,559	81.53 %
Insurance	7,529	7,604	7,993	75	1.00 %	(389)	(4.87) %
Other (travel, marketing, air service, etc)	9,520	29,982	20,864	20,462	214.94 %	9,118	43.70 %
Total Operating expenses	335,283	377,639	439,663	42,356	12.63 %	(62,024)	(14.11) %
Non-operating revenue (expenses)							
Passenger facility charges	69,200	93,658	80,712	24,458	35.34 %	12,946	16.04 %
Interest income	5,400	20,645	12,412	15,245	282.31 %	8,233	66.33 %
Interest expense	(67,805)	(67,806)	(70,392)	(1)	0.00 %	2,586	(3.67) %
Customer facility charges	52,200	49,620	41,924	(2,580)	(4.94) %	7,696	18.36 %
Capital contributions	1,975,880	194,590	9,314	(1,781,290)	(90.15) %	185,276	1,989.22 %
Capital expenditures	(1,674,808)	(459,842)	(452,877)	1,214,966	(72.54) %	(6,965)	1.54 %
Debt principal payments	(114,423)	(114,423)	0	0	0.00 %	(114,423)	0.00 %
Total Non-operating revenue (expenses)	245,644	(283,558)	(378,907)	(529,202)	(215.43) %	95,349	(25.16) %
Excess of revenue over (under) expense	431,120	(74,930)	(313,185)	(506,050)	(117.38) %	238,255	(76.07) %

Variance Explanations - March 2019 compared to Budget and March 2018 Preliminary Financial Statements

Variance explanations below are provided for those categories that had variances to budget or prior year actual of greater than \$10,000 and 10% in March 2019.

Operating Revenues:

Passenger Airline Landing Fees - Passenger Airline landing fees are approximately \$10k ahead of budget and prior year actual due to the number of landings in March. In March 2019, we had 522 total landings as compared to 460 in March of 2018. Of the increase, 23 were related to regularly scheduled flights, 6 were chartered flights and 33 were related to diversions.

Rental Cars - Rental Car Revenue exceeded budget and prior year revenue in March 2019. The increase in revenue is a reflection of more rental days as well as a higher average daily rate; the number of rental car transactions did not change from March 2018 to 2019. This is a direct correlation to the increased passenger traffic in March. Total enplaned passengers were 23% higher than March of 2018 and we had 30 more diversions in March 2019 compared to March 2018 which demand higher rates from the rental car companies. January rental days and the average daily rate both increased from 2018 to 2019 contributing to increased revenue.

Parking and Ground Transportation - Parking and GT Revenue exceeded budget and prior year revenue in March 2019. The increase in revenue is a direct reflection of the increase in passenger traffic. The number of tickets and average parking ticket price increased this month which is an indicator that the average stay was longer, additionally we saw the total number of taxi and TNC pick-ups increase year over year from 1,200 pick-ups to 1,400 pickups. While our revenue in total increased, the revenue per passenger declined slightly. We are working with our planners to complete some capacity studies and will also start accumulating more information on average stay so we can monitor this revenue stream with more statistical information.

Operating Expenses:

Personnel Compensation and Benefits – Personnel compensation and benefits is higher than the prior year cost, but is in-line with the current year budget. In 2018, payroll expenses were primarily recorded in the month paid, and due to the timing of pay dates, 3 pay dates occurred in March of 2018. In 2019, we have accrued payroll expenses so the expense is recognized in the period that the days are worked and we are recognizing this as a liability. This resulted in a variance from year to year, but is really just a reflection of the timing of when those costs are recognized. Personnel expenses are forecasted to be within budget.

Contract Services – Contract services are lower than the prior year primarily related to the recognition of the audit expense. The audit fieldwork started in January and final reports were completed in late March/early April and this is when the expense was recognized. In 2019, our audit fieldwork occurred the last week of April/first week of May so this expense will be recognized likely in June.

Repairs and Maintenance – Repairs and Maintenance activities were higher in 2019 than 2018 which was expected and budgeted for. This category will fluctuate month to month due to the unexpected nature of repairs and maintenance activity.

Other (travel, marketing, air service, etc.) – This category is over budget primarily related to a timing difference for when education and training and air service development conferences occurred. Education and training for the ARFF team re-certification was expected in first quarter, however, most of the other conferences were budgeted in December since the timing was unknown for when these would be attended. We are still on target for our total training, travel, and air service costs at this time.

Non-Operating Revenues and Expenses:

PFC Revenue – PFC revenue exceeded prior year actual and current year budget due to increased activity. As noted above, we saw a 23% increase in enplaned passengers in March, and as we have been reporting, we expect that growth to continue throughout the year.

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. We are accumulating documentation on project costs and completing a bond funding request at this time. We expect that drawdown will actually occur in June now.

Capital Contributions & Expenditures – The timing of capital contributions (grant revenue) and capital expenditures is somewhat unpredictable. We had anticipated a number of costs to be incurred in the first quarter related to 2018 projects that rolled into 2019, and when the budget was completed, we anticipated an earlier start on the terminal renovation project. Currently, we have not completed the renovation and AIP project work as early as anticipated, but the ratio of capital contributions to capital expenditures remains consistent with budget. We will continue to provide updates on projects as they progress.

Debt principal Payments – In February of 2018, the check was cut to pay for the March SIB loan payment so this amount did not show up as a prior year expense. This was recorded as a payment in March in 2019 which caused the variance from prior year.

Grand Junction Regional Airport Authority

Statements of Changes in Net Position

Unaudited - subject to change

As of Date:

03/31/2019

	Year to Date			Budget Variance		Prior Year Variance	
	03/31/2019	03/31/2019	3/31/2018				
	Budget	Actual	PY Actual	Budg \$ Var	Budg % Var	PY \$ Var	PY % Var
Operating revenue							
Aeronautical revenue							
Passenger airline revenue							
Passenger airline landing fees	130,251	145,630	135,491	15,379	11.81 %	10,139	7.48 %
Terminal rent	295,461	295,461	295,461	0	0.00 %	0	0.00 %
Other (boarding bridge)	35,928	34,772	36,909	(1,156)	(3.22) %	(2,137)	(5.79) %
Total Passenger airline revenue	461,640	475,863	467,861	14,223	3.08 %	8,002	1.71 %
Non-passenger airline revenue							
Non-passenger landing fees	21,879	22,216	35,006	337	1.54 %	(12,790)	(36.54) %
Cargo and hangar rentals	13,116	13,117	12,861	1	0.01 %	256	1.99 %
Fuel tax & flowage fees	155,825	168,665	147,174	12,840	8.24 %	21,491	14.60 %
Other (ramp parking, rapid refuel)	1,110	1,320	1,380	210	18.92 %	(60)	(4.35) %
Total Non-passenger airline revenue	191,930	205,318	196,421	13,388	6.98 %	8,897	4.53 %
Total Aeronautical revenue	653,570	681,181	664,282	27,611	4.22 %	16,899	2.54 %
Non-aeronautical revenue							
Land and building leases	148,620	146,280	146,187	(2,340)	(1.57) %	93	0.06 %
Terminal - restaurant & retail	32,131	44,224	30,849	12,093	37.64 %	13,375	43.36 %
Terminal - other	47,571	45,124	63,887	(2,447)	(5.14) %	(18,763)	(29.37) %
Rental cars	257,956	281,530	228,521	23,574	9.14 %	53,009	23.20 %
Parking and ground transportation	345,351	384,051	331,630	38,700	11.21 %	52,421	15.81 %
Other (security fee, overtime fee, etc)	10,564	20,274	12,079	9,710	91.92 %	8,195	67.85 %
Total Non-aeronautical revenue	842,193	921,483	813,153	79,290	9.41 %	108,330	13.32 %
Total Operating Revenues	1,495,763	1,602,664	1,477,435	106,901	7.15 %	125,229	8.48 %

Grand Junction Regional Airport Authority

Statements of Changes in Net Position

Unaudited - subject to change

As of Date:

03/31/2019

	Year to Date			Budget Variance		Prior Year Variance	
	03/31/2019	03/31/2019	03/31/2019				
	Budget	Actual	PY Actual	Budg \$ Var	Budg % Var	PY \$ Var	PY % Var
Operating expenses							
Personnel compensation and benefits	591,726	604,266	565,790	12,540	2.12 %	38,476	6.80 %
Communications and utilities	89,153	86,446	78,444	(2,707)	(3.04) %	8,002	10.20 %
Supplies and materials	158,226	124,917	97,945	(33,309)	(21.05) %	26,972	27.54 %
Contract services	135,221	123,238	166,470	(11,983)	(8.86) %	(43,232)	(25.97) %
Repairs & maintenance	86,403	56,564	51,665	(29,839)	(34.53) %	4,899	9.48 %
Insurance	22,587	22,811	24,003	224	0.99 %	(1,192)	(4.97) %
Other (travel, marketing, air service, etc)	63,215	75,315	56,162	12,100	19.14 %	19,153	34.10 %
Total Operating expenses	1,146,531	1,093,557	1,040,479	(52,974)	(4.62) %	53,078	5.10 %
Non-operating revenue (expenses)							
Passenger facility charges	191,500	263,717	194,306	72,217	37.71 %	69,411	35.72 %
Interest income	16,200	63,986	36,405	47,786	294.98 %	27,581	75.76 %
Interest expense	(203,967)	(203,969)	(211,659)	(2)	0.00 %	7,690	(3.63) %
Customer facility charges	135,000	135,083	129,008	83	0.06 %	6,075	4.71 %
Capital contributions	3,935,208	795,347	379,648	(3,139,861)	(79.79) %	415,699	109.50 %
Capital expenditures	(7,390,334)	(1,572,037)	(995,253)	5,818,297	(78.73) %	(576,784)	57.95 %
Debt principal payments	(114,422)	(114,423)	(111,101)	(1)	0.00 %	(3,322)	2.99 %
Total Non-operating revenue (expenses)	(3,430,815)	(632,296)	(578,646)	2,798,519	(81.57) %	(53,650)	9.27 %
Excess of revenue over (under) expense	(3,081,583)	(123,189)	(141,690)	2,958,394	(96.00) %	18,501	(13.06) %

Variance Explanations - 3/31/19 Year to Date Preliminary Financial Statements

Variance explanations below are provided for those categories that had variances to budget or prior year actual of greater than \$10,000 and 10% YTD through March 2019.

Operating Revenues:

Passenger Airline Landing Fees - Passenger Airline landing fees are approximately \$10k ahead of budget and prior year actual due to the number of landings in March. In March 2019, we had 522 total landings as compared to 460 in March of 2018. Of the increase, 23 were related to regularly scheduled flights, 6 were chartered flights and 33 were related to diversions.

Non-Passenger Landing Fees - Non-passenger landing fees are below the prior year actual revenue due to the change in flight schedules for Fed Ex. In the first quarter of 2018, Fed Ex had 2 regular flights, while they only have one in 2019. This was anticipated and budgeted, therefore the YTD revenue through March 2019 meets expectations.

Fuel tax & flowage fees – Based on discussions with CDOT, fuel flowage fees are typically collected by the State and remitted to the airports about two months after the activity occurred. However, the state does not remit funds until they are collected, so the lag time could be even greater than three months and delayed receipts by the state result in uneven payment streams to the airport making the monthly financial statements incomparable. Flowage fees are collected by West Star based on fuel sold to the airlines and GA community. In general, fuel tax revenue and flowage fees should correspond to changes in commercial operations since this is a significant portion of av gas sales.

As reported in the February variances, the timing of receiving fuel tax in the first quarter of 2018 was delayed, so the year over year increase is higher than normal. However, the increase is consistent with the increased landings and commercial activity that we have seen in 2019.

Terminal - restaurant & retail - Restaurant and retail revenue out performed the prior year and budgeted expectations due to the increased passenger traffic. Revenue per enplaned passenger also increased from 2018 to 2019 from \$1.70 to \$1.95.

Terminal - Other Revenue – This represents office rent revenue from TSA. TSA reduced the amount of space rented in April of 2018, therefore the monthly rent amount will be lower in the first quarter of 2019 compared to first quarter of 2018, however, we budgeted for this change and the variance to budget should be minimal.

Rental Cars - Rental Car Revenue exceeded budget and prior year revenue year to date through March 2019. The increase in revenue is a reflection of more transactions, more rental days and higher average daily rates as compared to 2018.

Parking and Ground Transportation - Parking and GT Revenue exceeded budget and prior year revenue year to date through March 2019. The increase in revenue is a direct reflection of the increase in passenger traffic and most of the increases occurred in February and March. The number of tickets and average parking ticket price increased this month which is an indicator that the average stay was longer, additionally we saw the total number of taxi and TNC pick-ups increase year over year from 1,200 pick-ups to 1,400 pickups. While our revenue in total is increasing, the revenue per passenger is declining slightly. We are working with our planners to complete some capacity studies and will also start accumulating more information on average stay so we can monitor this revenue stream with more statistical information.

Operating Expenses:

Supplies and Materials – Supplies and materials purchases are higher than prior year, however, still below the projected monthly budget due to the timing of purchases. There were a number of purchases that were budgeted for 2019 that we anticipated purchasing in the first quarter including new computers and radios, however, the order lead time on some of these items was longer than anticipated and were not received as originally anticipated.

Contract Services – Contract services are lower than the prior year primarily related to the timing of the recognition of the audit expense which was approximately \$45k. The audit fieldwork started in January and final reports were completed in late March/early April and this is when the expense was recognized. In 2019, our audit fieldwork occurred the last week of April/first week of May so this expense will be recognized likely in June.

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, we have been running approximately \$10k below the budgeted amounts for the first quarter.

Other (travel, marketing, air service, etc.) – This category is over budget and prior year actual expenses primarily related to a timing difference for when education and training and air service development conferences occurred. Education and training for the ARFF team re-certification was expected in first quarter, however, most of the other conferences were budgeted in December since the timing was unknown for when these would be attended. We are still on target for our total training, travel, and air service costs at this time.

Non-Operating Revenues and Expenses:

PFC Revenue – PFC revenue exceeded prior year actual and current year budget due to increased activity. We are seeing an increase in capacity and total enplaned passengers that we expect to continue throughout the year.

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. We are accumulating documentation on project costs and completing a bond funding request at this time. We expect that drawdown will actually occur in June now.

Capital Contributions & Expenditures – The timing of capital contributions (grant revenue) and capital expenditures is somewhat unpredictable. We had anticipated a number of costs to be incurred in the first quarter related to 2018 projects that rolled into 2019, and when the budget was completed, we anticipated an earlier start on the terminal renovation project. Currently, we have not completed the renovation and AIP project work as early as anticipated, but the ratio of capital contributions to capital expenditures remains consistent with budget. We will continue to provide updates on projects as they progress.

Grand Junction Regional Airport Authority
Statement of Financial Position - Unaudited, subject to change

	Month Ending 03/31/2019	Month Ending 02/28/2019	Variance
Assets			
Current Assets			
Cash and Cash Equivalents - Unrestricted	\$ 5,825,306	\$ 5,176,876	\$ 648,430
Cash and Cash Equivalents - Restricted	2,995,826	2,866,752	129,074
Total Cash and Cash Equivalents	<u>8,821,132</u>	<u>8,043,628</u>	<u>777,504</u>
Accounts Receivable, Net			
Accounts Receivable			
1205 - ACCOUNTS RECEIVABLE - OPS	926,884	959,136	(32,252)
1210 - ACCOUNTS RECEIVABLE - CAPITAL	1,851,579	3,669,488	(1,817,909)
Total Accounts Receivable, Net	<u>2,778,463</u>	<u>4,519,528</u>	<u>(1,741,065)</u>
Prepaid Expenses	77,421	88,659	(11,238)
<i>Total Current Assets</i>	<u>11,677,016</u>	<u>12,651,814</u>	<u>(974,799)</u>
Fixed Assets, Net			
Fixed Assets			
1405 - CONSTRUCTION IN PROGRESS	17,127,387	17,127,387	-
1505 - LAND	2,416,059	2,416,059	-
1510 - LAND IMPROVEMENTS	88,326,144	88,326,144	-
1515 - BUILDINGS & IMPROVEMENTS	19,239,838	19,239,838	-
1520 - EQUIPMENT	5,377,983	5,377,983	-
1525 - CAPITALIZED INTEREST	908,513	908,513	-
Total Fixed Assets	<u>133,395,924</u>	<u>133,395,924</u>	<u>-</u>
Accumulated Depreciation	65,075,851	64,713,680	362,171
Total Fixed Assets, Net	<u>68,320,073</u>	<u>68,682,244</u>	<u>(362,171)</u>
Escrows and Reserves	9,266,461	9,250,073	16,388
<i>Total Assets</i>	<u>89,263,549</u>	<u>90,584,131</u>	<u>(1,320,582)</u>
Deferred Outflows of Resources - Pension Plan	413,509	413,509	-
Total Assets and Deferred Outflows of Resources	<u>\$ 89,677,058</u>	<u>\$ 90,997,640</u>	<u>\$ (1,320,582)</u>
Liabilities			
Current Liabilities			
Accounts Payable			
2105 - ACCOUNTS PAYABLE - OPS	190,997	129,620	61,376
2110 - ACCOUNTS PAYABLE - CAPITAL	1,819,328	2,765,661	(946,333)
Total Accounts Payable	<u>2,010,325</u>	<u>2,895,281</u>	<u>(884,956)</u>
Deferred Revenue	29,003	31,141	(2,139)
Note Payable - Current Portion	115,541	231,372	(115,831)
Short Term Debts - Bond	1,156,852	1,089,337	67,515
Other Current Liabilities - Payroll liabilities and deposits	360,311	406,557	(46,247)
<i>Total Current Liabilities</i>	<u>3,672,031</u>	<u>4,653,689</u>	<u>(981,658)</u>
Long Term Liabilities			
Long Term Debts			
2405 - 16 BOND PAYABLE - LONG TERM	17,650,000	17,650,000	-
2410 - 16 BOND PREMIUM - LONG TERM	1,423,896	1,423,896	-
2505 - NET PENSION LIABILITY	2,545,148	2,545,148	-
2506 - NET HCTF OPEB LIABILITY	230,836	230,836	-
Total Long Term Debts	<u>21,849,880</u>	<u>21,849,880</u>	<u>-</u>
Deferred Revenue	444,933	444,933	-
<i>Total Liabilities</i>	<u>25,966,845</u>	<u>26,948,503</u>	<u>(981,658)</u>
Deferred Inflows of Resources - Pension Plan	518,872	518,872	-
Total Liabilities and Deferred Inflows of Resources	<u>26,485,716</u>	<u>27,467,374</u>	<u>(981,658)</u>
Total Net Position	<u>63,191,342</u>	<u>63,530,266</u>	<u>(338,924)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 89,677,058</u>	<u>\$ 90,997,640</u>	<u>\$ (1,320,582)</u>

Variance Explanations - 3/31/19 Statement of Financial Position

Assets: In total, assets decreased approximately \$1.3M from February 2019 to March 2019. This decrease was primarily due to the collection of \$1.8M of capital receivables from grants and recognition of \$362k in depreciation, but was off-set by a \$777k increase in cash, of which \$650k is unrestricted.

Cash – Our cash position remains strong through the end of March with an increase in unrestricted cash of approximately \$650k. This change was primarily the result of collecting on capital receivables from the prior month that was larger than the amount of capital payable invoices paid out.

Accounts Receivable – Accounts receivable includes both operating receivables and capital receivables from grants. As we have updated the timing of recognizing revenues in the period that the activity relates to, our Operating receivables have increased, because it will regularly reflect 2 months of PFC balances, and one month of parking and concession revenues. The capital grant revenue receivable is a function of the current projects in progress - both AIP and non-AIP. As we are nearing close-out of our 2018 AIP grants, this balance will grow slightly as we are unable to receive the last 10% of our grant monies until project close-out.

Prepaid Expenses – Prepaid expenses are primarily related to insurance contracts and software subscriptions that we pay annually, or in advance, that we will receive benefit for over a period of time. As we use these services over the policy or contract period, the amount is recognized as an expense, rather than expensing the entire annual cost in the month that it is paid. This balance will begin to decrease during the year as we recognize the monthly expenses.

Fixed Assets, Net – Historically, the airport has not capitalized equipment throughout the year as it is purchased, but instead, expenses all purchases as part of capital expenditures and then capitalizes assets at year end. This allows us to track spending for budget purposes. We may look to change this practice going forward, but we are still working on making other improvements to the financial reporting and closing process first. Therefore, the only change in the fixed assets accounts that will be seen on a monthly basis is the regular monthly depreciation based on assets placed in service as of December 31, 2018.

Escrows and Reserves – The Escrow and reserve balance represents unused bond funds. We are in the process of preparing a bond draw request that will likely be completed in June, so this number will increase monthly due to interest income until then.

Deferred Outflows of Resources:

Deferred Outflows of Resources - Pension Plan – The deferred outflows of resources represent a timing difference for recognizing changes in the estimated pension liability for our PERA pension and health plans offered to employees. Due to the timing of when the pension liability is estimated and reported on by PERA and the timing of when each local government entity must present financial statements, there is a one year lag in the calculation of the pension liability. We are therefore reporting our estimated liability based on information calculated as of December 31, 2017 for reporting in our 2018 financial statements. The deferred outflows of resources essentially represents decreases in the net pension liability related to 2018 activity that will not be recognized in the Pension liability until 2019. These amounts will not change until next year's liability is calculated.

Liabilities: Total Liabilities decreased \$982k from February 2019 to March 2019. This was primarily related to payments made towards capital projects of \$946k.

Accounts Payable – Similar to accounts receivable, the majority of the balance and the variance from month to month is caused by the capital expenses payable to contractors and engineers associated with our capital projects. Accounts payable and receivable should have a positive correlation in periods when we are working primarily on AIP projects where the majority of the cost is funded by the FAA. We are expecting to see the capital payables began to increase more than receivables over the coming months as we work on the terminal renovation project that will be funded by GJRAA bond proceeds.

Deferred Revenue - Current Portion – This liability represents rent received in advance and is primarily made up of a pre-payment received by the BLM in 2017. Prepaid rent is a liability because we have not provided our tenant with the space for the period of time that they paid us for.

Notes Payable - Current Portion – This balance represents our SIB loan with CDOT. The decrease is due to our March payment. We will have one more payment in June and then this loan is paid off. The funding for paying this loan is from our CFC charges, so we will also see a decrease in restricted cash as this is paid down.

Short Term Debts - Bond – Changes in this balance are related to accrued interest since we only pay semi-annually on outstanding bonds.

Other Current Liabilities – This category is primarily made up of liabilities for un-used PTO (approximately 140,000), deposits payable to tenants (165,000), and payroll accruals to properly recognize payroll expenses in the periods that the employees have worked. Changes in this account month to month are almost entirely related to changes in the payroll accruals because the first two pay dates in March (3/1 and 3/15) were paying for days that were worked and earned in February, so the February liability was much higher than March.

Long Term Debts – The bond payable balance will only changes as principle payments are made twice per year, therefore there is no change from February to March 2019. The net Pension liability is also only calculated annually, so there will be no change in this amount. This is the actuarial estimate of the airports portion of the unfunded Pension liability for PERA.

Deferred Inflows of Resources:

Deferred Inflows of Resources - Pension Plan – Similar to deferred outflows described above, the deferred inflows of resources represent a timing difference for recognizing changes in the estimated pension liability for our PERA pension and health plans offered to employees. Deferred Inflows of resources actually represent increases to the pension liability that will be recognized in future years, primarily related to changes in actuarial assumptions. These will only be calculated annually, and therefore no changes will be seen month to month.