

GRAND JUNCTION REGIONAL AIRPORT



C O L O R A D O
AIRPORT of the YEAR

SPECIAL BOARD MEETING PACKET

October 4, 2022

Grand Junction Regional Airport Authority



Date: **October 4, 2022**

Location:

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

or

Electronic Meeting

Link: : <https://us02web.zoom.us/j/82512441719?pwd=NEcvVFhrRklQQ1UxbjAzUUNua3o4dz09>

Time: 5:15 PM

SPECIAL BOARD MEETING AGENDA

- I. Call to Order**
- II. Approval of Agenda**
- III. Commissioner Comments**
- IV. 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 e-mail your comment to the Board Clerk (boardclerk@gjairport.com) 15 minutes prior to the meeting. Comments not related to specific agenda items will be addressed during the citizen comment section of the agenda. Citizen comments related to a specific action item will be addressed during the discussion of that action item. The Board Chair 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 Chair, 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.

V. Action

- A. Consent to Assignment of Ground Lease– Sky Adventures _____ 1
 - Staff recommends that the Board consent to the assignment of the Sky Adventures Ground Lease from Sky Adventures, LLC to West Star Aviation, LLC and authorize the Executive Director to execute the Consent to Assignment.
- B. First Amendment to Sky Adventures Ground Lease _____ 2
 - Staff recommends that the Board consent to the First Amendment to Sky Adventures Ground Lease and authorize the Executive Director to execute the same.

October 4, 2022

- VI. Discussion**
 - A. 2023 Draft Budget Presentation _____ 3
- VII. Any other business which may come before the Board**
- VIII. Adjournment**

Grand Junction Regional Airport Authority
Agenda Item Summary

TOPIC:	Ground Lease Assignment – Sky Adventures Building		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Consent to the assignment of the Sky Adventures lease from Sky Adventures, LLC to West Star Aviation, LLC, and authorize the Executive Director to execute the Consent to Assignment.		
SUMMARY:	<p>Since March of 2001, the commercial building known as the “Sky Adventures Building” and surrounding area has been leased by Sky Adventures, LLC. While use of the Sky Adventures Building has varied over time, most recently it has operated as a traditional office building. With nine years remaining on the existing lease term, Sky Adventures desires to assign its leasehold interest to West Star Aviation, which already leases much of the property adjacent to the Sky Adventures Building. West Star intends to use the building for aeronautical purposes consistent with its current business operations at the Airport. Assignment of the lease to West Star will allow West Star to continue its investment and growth at the Airport.</p> <p>The Authority’s consent to the assignment of the ground lease is conditioned upon West Star’s agreement to engage in further discussions about consolidating the Sky Adventures lease with West Star’s two existing leases with GJRAA.</p>		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	N/A		
ATTACHMENTS:	Assignment of Ground Lease Agreement and Consent to Assignment		
STAFF CONTACT:	Angela Padalecki apadalecki@gjairport.com 970-852-1247		

**ASSIGNMENT OF GROUND LEASE AGREEMENT
AND CONSENT TO ASSIGNMENT**

This Assignment of Ground Lease Agreement and Consent to Assignment (the "Agreement") is entered into this ____ day of October, 2022 (the "Effective Date"), by SKY ADVENTURES, LLC ("SKY ADVENTURES"), and WEST STAR AVIATION, LLC ("WEST STAR"), and which is consented to by the GRAND JUNCTION REGIONAL AIRPORT AUTHORITY ("GJRAA").

WITNESSETH

WHEREAS, on or about May 16, 2000 GJRAA and SKY ADVENTURES entered into a Ground Lease Agreement (the "Lease") by which SKY ADVENTURES agreed to lease certain real property (the "Premises") and improvements (the "Improvements") from GJRAA, which Lease has a commencement date of March 20, 2001;

WHEREAS, SKY ADVENTURES and WEST STAR have entered into a separate agreement for the sale of the Improvements; and

WHEREAS, SKY ADVENTURES wishes to assign the Lease to WEST STAR;

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

1. SKY ADVENTURES hereby assigns and transfers to WEST STAR all of its rights, title, and interest in, to, and under the Lease. WEST STAR hereby accepts the assignment of the Lease and agrees to assume and perform all obligations, liabilities, and responsibilities of SKY ADVENTURES under the Lease which arise or are related to events occurring from and after the Effective Date, for the benefit of both GJRAA and SKY ADVENTURES.
2. GJRAA hereby releases SKY ADVENTURES from any and all obligations under the Lease that accrue on or after the Effective Date except for any hold harmless and/or indemnification obligations that SKY ADVENTURES may have under the Lease, but which obligations may arise after the Effective Date and relate to events that occurred prior to the Effective Date. However, this release is contingent upon WEST STAR's agreement to assume and perform all obligations, liabilities, and responsibilities of SKY ADVENTURES under the Lease which arise or are related to events occurring from and after the Effective Date.
3. SKY ADVENTURES hereby agrees to indemnify, defend, and hold WEST STAR and GJRAA harmless from and against any and all liabilities, claims, demands, obligations, assessments, losses, costs, damages, and expenses of any nature whatsoever, including, but not limited to, costs and reasonable attorney's fees, which WEST STAR or GJRAA may incur, sustain, or suffer, or which may be asserted or charged against WEST STAR or GJRAA, as a result of SKY ADVENTURES's actions or omissions and/or its performance or non-performance of its obligations, duties, responsibilities, covenants, and liabilities under the Lease being assigned which arise or are related to events occurring prior to the Effective Date .

4. WEST STAR hereby warrants, covenants, and agrees to diligently perform and discharge each and all of SKY ADVENTURES's obligations, duties, responsibilities, and covenants under the Lease which arise or are related to events occurring from and after the Effective Date and to indemnify and hold SKY ADVENTURES and GJRAA harmless from and against any and all liabilities, claims, demands, obligations, assessments, losses, costs, damages, and expenses of any nature whatsoever, including, but not limited to, costs and reasonable attorney's fees, which SKY ADVENTURES or GJRAA may incur, sustain, or suffer, or which may be asserted or charged against SKY ADVENTURES or GJRAA, as a result of WEST STAR's actions or omissions and/or its performance or non-performance of its obligations, duties, responsibilities, covenants, and liabilities under the Lease which arise or are related to events occurring from and after the Effective Date. Notwithstanding the generality of the foregoing, WEST STAR hereby warrants, covenants, and agrees, for illustration and without limitation, to assume the Lease for the remaining term set forth in Section 1.8; conduct only those permitted uses on the Improvements in accordance with Section 1.12; pay all rents and fees which arise from and after the Effective Date in accordance with Article 3; maintain a security deposit in accordance with Section 3.6 in the amount set forth in Paragraph 9(ii) below; maintain insurance and submit required certificates in accordance with Article 7; and surrender possession upon expiration or early termination in accordance with Article 19.

5. SKY ADVENTURES warrants and agrees that, as of the Effective Date, all payable rents, taxes, and/or assignments pertaining to the Lease or the Improvements have been paid in full.

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

7. WEST STAR warrants and agrees to comply with the Grand Junction Regional Airport General Aviation Minimum Standards, as may be applicable to commercial aeronautical activities conducted on the Premises, a copy of which is available at <https://gjairport.com/PDF/documents/GJT%20-%20MinimumStandards-FINAL-101618.pdf>.

8. GJRAA hereby releases WEST STAR from any and all obligations under the Lease that accrue prior to the Effective Date and agrees that WEST STAR shall have no liability for any breach or default accruing, or otherwise relating to actions or omissions occurring, prior to the Effective Date or otherwise caused by SKY ADVENTURES.

9. GJRAA hereby certifies as follows to WEST STAR, and its successors and assigns, as follows, as of the date hereof:

- (i) **Schedule A** attached hereto includes a true, correct and complete copy of the Lease, including any amendment or modification thereto (provided, GJRAA and WEST STAR acknowledge that the following exhibits to the Lease are updated from time to time and the current versions of all such exhibits will be made available to WEST STAR upon request: Exhibits C, D, E, F and G); and the Lease represents the entire

agreement between GJRAA and SKY ADVENTURES as to this leasing and the Premises and Improvements.

- (ii) The security deposit currently held by GJRAA is held in the form of cash security in the amount of \$3,446.88. No other sums are required to be deposited by the Lease.
- (iii) The term of the Lease commenced on March 20, 2001 and expires on March 20, 2031. SKY ADVENTURES has no rights to renew or extend the term of the Lease.
- (iv) Monthly ground rent under the Lease is \$1,674.09 per month, which has been paid through the date of October 31, 2022. No additional rent is due under the Lease.
- (v) To the knowledge of GJRAA, there are no subleases, licenses or other agreements for use of the Premises or Improvements that remain in effect as of the date hereof and SKY ADVENTURES has not assigned or encumbered its interest in the Lease.
- (vi) Neither SKY ADVENTURES nor GJRAA has defaulted in its obligations under the Lease, which default remains uncured. GJRAA has neither received from nor delivered to SKY ADVENTURES any written notice of default under the Lease, which default remains uncured. To GJRAA's knowledge, neither SKY ADVENTURES nor GJRAA has committed any breach under the Lease which, alone or with the passage of time, the giving of notice, or both, would constitute a default thereunder, which breach remains uncured.
- (vii) Any improvements or alterations required by the Lease have been fully completed, including as required by Section 4.3 of the Lease.
- (viii) GJRAA has no remaining right to terminate pursuant to Section 21.4 of the Lease.

The certifications set forth in this Section 9 will be binding upon GJRAA and any party claiming through or under GJRAA and will inure to the benefit of WEST STAR, and its successors and assigns.

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

11. This Agreement shall not be construed as a consent or waiver of any rights that GJRAA has to object to any subsequent sublease or assignment of the Lease.

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

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

[END OF AGREEMENT; SIGNATURES AND CONSENT FOLLOW]

SKY ADVENTURES, LLC

WEST STAR AVIATION, LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

Consent to Assignment of Ground Lease Agreement

Effective upon proper execution by SKY ADVENTURES and WEST STAR, GJRAA hereby consents to the assignment of the Lease to WEST STAR and agrees to the terms and conditions set forth in the foregoing Assignment of Ground Lease Agreement. Such consent is conditioned upon WEST STAR's agreement to meet and confer with GJRAA within twelve (12) months of the date of this consent regarding the consolidation of WEST STAR's lease agreements at the Airport (provided, however, any consolidation shall be upon terms and conditions approved by both GJRAA and WEST STAR, and any failure of GJRAA and WEST STAR to agree upon any such consolidation shall not constitute a default or breach hereunder or affect GJRAA's consent and agreement set forth herein). Nothing in this consent shall be construed to expand or extend any term or condition of the Lease, or except as expressly set forth therein, waive any performance of any term or condition of the Lease, either before, on, or after the Effective Date.

Grand Junction Regional Airport Authority

By: _____

Its: _____

Date: _____

SCHEDULE A

LEASE

[attached]

GROUND LEASE AGREEMENT

BETWEEN

WALKER FIELD, COLORADO, PUBLIC
AIRPORT AUTHORITY

AND

SKY ADVENTURES ~~BUILDING~~, LLC

M. C. H.

D. B. C.

Cuz

Effective 4-1-01

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Ground Lease Agreement

This airport Ground Lease (the "Lease Agreement") is made and entered into on the date set forth in Paragraph 1.1, below, by and between **WALKER FIELD, COLORADO, PUBLIC AIRPORT AUTHORITY ("WFAA")**, a body corporate and politic and constituting a subdivision of the State of Colorado, and the **TENANT** as that term is defined in Paragraph 1.2, below.

Article 1: Basic Lease Information

In addition to the terms which are defined elsewhere in this Lease Agreement, the following defined terms are used in this Lease Agreement:

1.1 DATE: May 16, 2000

1.2 TENANT: Sky Adventures Building, L.L.C. *MSA Cas*

1.3 TENANT'S TRADE NAME: Sky Adventures Building, L.L.C. *MSA Cas*

1.4 TENANT'S ADDRESS AND PHONE:

C/O Merv Heinecke
800 Heritage Way
Grand Junction, Co. 81506
970-255-8116

1.5 WFAA'S ADDRESS AND PHONE:

2828 Walker Field Drive
Suite 211
Grand Junction, CO 81506
970/244-9100

1.6 AIRPORT: Walker Field, Colorado, Public Airport,
located in Grand Junction, Colorado

1.7 COMMENCEMENT DATE: The commencement date of this lease will become effective at 12:00 midnight on the last date that WFAA receives each and every one of the following items:

A. Documentation acceptable to WFAA that ownership of the paint hangar has been transferred from West Star Aviation, Inc./BFLP to Sky Adventures Building, L.L.C.; *MSA Cas*

B. A written request by West Star Aviation, Inc./BFLP to WFAA requesting termination of the Ground Lease Agreement for the property on which the paint hangar is situated as depicted as Revised Tract D on Exhibit B including *Cas*

the additional parking area as depicted on Exhibit B as New Tract consisting of 2.21 Acres;

- C. Copy of the Operating Agreement of Sky Adventures Building, L.L.C. signed by all members and a State of Colorado Certificate of good standing dated within 30 days of the Commencement Date of this Lease Agreement authorizing Sky Adventures Building, L.L.C. to transact business or conduct its affairs within this state;
- D. Documentation that an environmental site assessment has been conducted by a licensed environmental engineer for the specific proposed uses of the hangar by Sky Adventures Building, L.L.C. This site assessment must be conducted after West Star Aviation, Inc. ceases all painting operations and vacates the premises;
- E. Documentation that environmental remedial action, if needed, has been completed and a written statement from the environmental engineer that the proposed uses are not precluded by any previous activities conducted at the hangar site.

If WFAA does not receive all documentation referenced above in paragraph 1.7 items A through E by 5:00 p.m. February 28, 2001, this lease will automatically become null and void, and neither party will have any further obligation to each other. Receipt will be deemed satisfied when the documents are provided to WFAA.

1.8 EXPIRATION DATE: Twenty years from the commencement date as described in paragraph 1.7 plus one (1) ten year extension if written notice is given to Walker Field Airport Authority one hundred and eighty (180) days prior to the expiration date of the twenty (20) year term.

1.9 INITIAL MINIMUM INSURANCE COVERAGE AMOUNT: \$1,000,000.00 combined single limit general liability.

1.10 RENT: Rent shall include both the monthly ground rent, as altered from time to time pursuant to paragraph 3.1 of this Lease Agreement, and Miscellaneous Fees as set forth in Paragraph 3.2 of this Lease Agreement.

1.11 INITIAL MONTHLY GROUND RENT: \$8,962.51 per year or \$746.88 per month. ($96,267.6 \times \$0.0931 \div 12$ months)

1.12 PERMITTED USES: The following activities shall be considered "Permitted Uses" under this Lease Agreement:

The Airport Authority hereby grants Tenant the exclusive right to use the Leased Premises, and all of the improvements located thereon, to provide, on a non-exclusive basis at the Airport, the following commercial aeronautical services and activities:

- A. Part 135 air taxi operations, aircraft charter services for persons and cargo and crew, which may include, but is not limited to, individual, group, and multiple trip movements to or from any place on a non-scheduled basis, sightseeing excursions and aircraft rides;
- B. Aircraft repair, including airframe, engine, avionics, radio, instruments, component and accessory repair, overhaul, refurbishment and replacement on aircraft owned or leased by Tenant;
- C. Indoor aircraft storage, parking of aircraft owned or leased by Tenant and other third parties;
- D. Ramp services, including passenger, baggage, freight handling, and other incidental ramp functions on aircraft owned or leased by the Tenant;
- E. The right to maintain on the Leased Premises, in conjunction with its Part 135 operations, reasonably necessary activities incidental to the commercial aeronautical activities authorized above, including a hangar, repair shops, storage, offices, pilot and flight lounges, in-flight kitchen service apparatus, vending machines, hotel and motel reservations board, promotional advertising boards related to Tenant's operations, courtesy or crew cars and vans, drop off and pick up of Tenant's customers, guests and employees by on and off-Airport rental car companies and commercial ground transportation companies, as said terms are defined in WFAA's Fees and Charges, public telephones, pilot meeting rooms, and free parking areas for Tenant's customers, guests, and employees;
- F. Operation of a full service bar and restaurant open to the public with required parking;
- G. Rental of the main floor hangar space to the general public for special events in conjunction with the restaurant operation;
- H. The rental of office space to aeronautical users only;
- I. Improvements to the parking area and existing paint hangar subject to the provisions of this lease.

1.13 PREMISES: The property shown on attached Exhibits A and B depicted as Revised Tract D and New Tract consisting of 2.21 Acres and any improvements thereon.

1.14 PREMISES SQUARE FOOTAGE: The Premises consist of a total of 96,267.6 square feet.

1.15 ADDITIONAL PROVISIONS:

Upon approval by the Walker Field Airport Authority Board of Commissioners, the Chairman will sign this lease only after items A through E in Paragraph 1.7 are received by WFAA.

Article 2: Lease Agreement and Term

2.1 In consideration of the payment of the rent and the keeping and performance of the covenants and agreements by Tenant hereinafter set forth, WFAA does hereby lease unto Tenant 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. Tenant shall be leasing the Premises in an "as is" condition, without warranties or representations from WFAA 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 Tenant 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 Tenant to provide the Permitted Uses from the Premises. Tenant'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. Tenant shall abide by all directives of WFAA, the Federal Aviation Administration ("FAA"), and any other governmental entity having jurisdiction over the Airport, governing Tenant's use of said airfield areas and other Airport rights of way, either alone or in conjunction with other authorized users thereof.

2.3 Unless sooner terminated by agreement of WFAA and Tenant, or under other provisions of this Lease Agreement, this Lease Agreement shall terminate on the Expiration Date.

2.4 Subject to the other provisions of this Lease Agreement, WFAA hereby grants Tenant the exclusive right to use the Premises, and all of the improvements thereon (if any), to conduct, on a non-exclusive basis at the Airport, the Permitted Uses.

2.5 WFAA may, at any time, inspect the Premises, and/or any improvements, fixtures or equipment thereon. Tenant shall cooperate with any inspection by WFAA.

Article 3: Rent, Security Deposit & Other Fees

3.1 The following provisions shall apply to the ground rent for the Premises.

3.1.1 The initial monthly ground rent for the Premises is the amount set forth in Paragraph 1.11.

3.1.2 Effective April 1 of each calendar year that this Agreement is in effect, the monthly ground rent for the Premises shall be adjusted by the

increase or decrease in the Consumer Price Index, using the US City Average for all urban consumers ("CPI-U"), all items index, set forth in the October to October report published by the US Department of Labor, Bureau of Labor Statistics, for the twelve-month period ending in the calendar year immediately preceding the calendar year in which the annual cost-of-living adjustment is to be made, until such time as the ground rents are periodically adjusted pursuant to subparagraph 3.1.3, below. If the CPI-U index is no longer published by the US Department of Labor, the parties shall use the US Department of Labor index or report most closely approximating the CPI-U.

3.1.3 WFAA may, in its sole discretion, periodically increase or decrease Tenant's monthly ground rent for the Premises, pursuant to historical cost of operation analyses, local market rent studies, comparable airport rent studies satisfactory to WFAA, and/or such other factors as may be permitted under then applicable FAA fee and charge regulations, establishing ground rental rates for all tenants at the Airport, provided that:

3.1.3.1 The first such discretionary adjustments may not be imposed upon Tenant prior to five (5) years from the Date of this Lease Agreement as set forth in Paragraph 1.1;

3.1.3.2 At least five years must elapse between each subsequent discretionary adjustment imposed upon Tenant by WFAA hereunder; and,

3.1.3.3 WFAA provides at least thirty (30) days prior written notice of the discretionary adjustment to Tenant before the discretionary adjustment may take effect.

3.1.4 Should WFAA periodically increase, decrease, or leave unchanged Tenant's ground rent pursuant to its discretionary authority under subparagraph 3.1.3, above, WFAA shall thereafter increase or decrease said adjusted rent, effective April 1 every calendar year following the calendar year in which the discretionary adjustment occurred, by the increase or decrease in the CPI-U, all items index, set forth in the October to October report published by the Bureau of Labor Statistics (or pursuant to the closest report thereto published by the US Department of Labor if the Department no longer publishes the CPI-U), for the twelve month period ending in the calendar year immediately preceding the calendar year in which the cost of living adjustment is to be made.

3.2 The following provisions shall apply to the miscellaneous fees applicable to Tenant or relating to the Premises:

3.2.1 Tenant shall pay WFAA such fees as set forth in WFAA's Fees and Charges, a copy of which is attached as Exhibit E, as the same may be amended from time to time, for the usage of the Airport's disposal station, by Tenant, or by Tenant's assigns and subtenants.

3.2.2 Tenant shall pay WFAA the amount established by WFAA from time to time for stand-by services provided by WFAA employees to Tenant, or to Tenant's assigns and subtenants, including but not limited to the following stand-by services: Aircraft Rescue & Fire Fighting (ARFF); emergency first aid; custodial, maintenance and security services; special events on Airport property.

3.2.3 Tenant shall pay WFAA landing fees for all aircraft owned or leased by Tenant that utilize its hangar or tie-down facilities, in the amount of the landing fees required by WFAA's Fees and Charges for aircraft using the Airport, as said amount may be amended from time to time.

3.2.4 Tenant shall pay WFAA such fuel flow fees for fuel purchased by Tenant, or his assigns or subtenants, from authorized fuel vendors on the Airport, as required by WFAA's Fees and Charges, as said amount may be amended from time to time. Said fuel flow fee is in addition to any gasoline taxes or fuel flow fees Tenant may be required to pay, under the State of Colorado's Aviation Fuel Tax Program or otherwise.

3.2.5 Tenant shall pay WFAA for all identification badges required for use by himself, or its assigns or subtenant, at a rate established by WFAA from time to time. Tenant shall also pay such fee as established by WFAA from time to time for the replacement of said badges.

3.2.6 Tenant shall pay WFAA such other fees and charges as may be imposed by WFAA in the future, for services and facilities provided by WFAA to Tenant, or his assigns and subtenants, on a pro rata, non-discriminatory basis with the other users of said services or facilities.

3.3 Payment of Tenant'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 Agreement. Payment of all other fees, if any, shall be made in accordance with procedures adopted by WFAA from time to time.

3.4 All rental payments shall be made to WFAA at its address listed in Paragraph 1.5, or at such other address as may be specified by WFAA.

3.5 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 payment, or \$100.00, whichever is greater. This amount is in consideration of WFAA's additional cost of processing late payments. In addition, any Rent which is not paid when due, including Monthly Base Rent, will accrue interest at a late rate charge of one and one-half percent (1 ½%) 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.

3.6 Tenant shall deposit with WFAA a security deposit pursuant to the guidelines set forth in WFAA's Fees and Charges, attached as Exhibit E hereto. This deposit is to be held by WFAA as security for the term of the Lease Agreement. The security deposit shall be made at the time the Lease Agreement is signed by the Tenant.

Article 4: Improvements

4.1 During the term of this Lease Agreement, Tenant 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 Tenant's authorized use of the Premises, provided that:

4.1.1 The improvements, alterations, and additions are performed by qualified and licensed contractors or subcontractors; and

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

4.1.2.1 Tenant submits the proposed plans to WFAA for its review; and

4.1.2.2 WFAA determines, in its sole discretion, that the proposed improvements, alterations, or additions are consistent with the Airport's master and land use plans, WFAA's Development and Architectural Standards, and WFAA's Requirements and Minimum Standards for Services and Activities at the Airport ("Minimum Standards"), as the same may be amended from time to time.

4.2 Tenant shall construct all improvements, alterations, and additions to the Premises at its own expense. If Tenant constructs improvements, alterations and/or additions, the improvements, alterations and additions shall be constructed at Tenant's sole initiative and behest, and nothing herein shall be construed as an agreement by WFAA to be responsible for paying for them, and neither the Premises, nor WFAA'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 Tenant hereunder. WFAA may require Tenant to post a bond, or such other security as WFAA 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 alterations. Tenant 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. Tenant shall reimburse WFAA for all costs and expenses, including surveying and attorney's fees, WFAA 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 WFAA is responsible for paying for improvements on the Premises, or (c) in defending against, settling or satisfying any mechanic's lien claims, asserted as a result of non-payment for improvements on the Premises.

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

Article 5: Maintenance and Utilities

5.1 During the term of this Lease Agreement, Tenant 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 Tenant or its

assigns or subtenants, and any of Tenant's improvements, fixtures, or equipment located elsewhere on the Airport, in good operating and physical condition and repair. Tenant shall repair any utility lines located on or under its Premises which are utilized by other third parties (but not by Tenant or its assigns or subtenants); if the damage to said utility lines was caused by Tenant, or by Tenant's board members, officers, agents, employees, contractors, subcontractors, assigns, subtenants, customers, guests, invitees, or anyone acting under Tenant's direction and control.

5.2 During the term of this Lease Agreement, Tenant shall also be responsible for providing, at its own expense, all utilities and services, including but not limited to lighting, heating, air conditioning, water, gas, trash removal and electricity, required for the Premises and any improvements, alterations, or additions thereon. Tenant 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 WFAA and hold it harmless for the same.

5.3 During the term of this Lease Agreement, Tenant 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 on the Airport, in a safe and clean condition, and to 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 in the sole discretion of WFAA.

5.4 Tenant may not store items unrelated to its business at the Airport (including, but not limited to, boats, recreational vehicles, motorcycles, campers, and personal motor vehicles) on the Premises for more than two (2) weeks without the prior written consent of the WFAA.

Article 6: Taxes and Assessments

Tenant shall timely pay all real and personal property taxes related to its operations hereunder or elsewhere; all local, state and federal income, payroll, aviation fuel and other taxes related to its operations hereunder or elsewhere; all sales and other taxes measured by or related to its sales and service revenues hereunder 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 Tenant, or that become a lien upon Tenant, WFAA, the Premises, or any improvements thereon, by reason of Tenant's activities under this Lease Agreement or elsewhere.

Article 7: Insurance

7.1 At all times during the term of this Lease Agreement, Tenant shall maintain automobile, general liability, bodily injury and property damage insurance naming WFAA as an additional insured covering all of the services, operations, and activities of Tenant, and Tenant's subtenants at the Airport. The initial amount of coverage provided to WFAA shall be at least the Initial Minimum Insurance Coverage Amount, as that term is defined in Paragraph 1.9, above. WFAA may from time to time, in its sole discretion (which shall be reasonably exercised), increase the amount of required insurance due hereunder by amending WFAA's Fees and Charges.

7.2 At all times during the term of this Lease Agreement, Tenant shall maintain such hazard insurance as necessary to cover the full replacement cost of each of the improvements it, its assigns or subtenants, or WFAA 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.

7.3 Tenant 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 subcontractors' employees who perform any work for Tenant in connection with the rights granted Tenant hereunder.

7.4 Tenant shall provide a certificate of insurance to WFAA of the kinds and amounts of said insurance coverages and shall acquire policies that shall not be subject to cancellation without at least thirty (30) days advance written notice to WFAA. 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 WFAA.

Article 8: Assignment and Subleasing

8.1 Tenant shall not assign its interest herein without the written consent of WFAA, which consent shall not be unreasonably withheld. If an assignment is made, Tenant shall continue to be liable, jointly and severally with the assignee, for the fulfillment of all terms and conditions arising under this Lease Agreement subsequent to the assignment, unless WFAA specifically releases Tenant, in writing, for such liability for future obligations. All subsequent assignors and assignees shall be subject to this Lease Agreement as if they were the original Tenant/assignor.

8.2 Tenant 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 WFAA 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 WFAA, pursuant to the requirements of the Minimum Standards, by which such subtenant is authorized to do business on the Airport. Any sublease shall be in the form ("Form Ground Sublease") required by WFAA for all subleases, as the same may be amended from time to time, or in a form specifically approved by WFAA. A copy of the currently existing Form Ground Sublease is set forth in the attached Exhibit H. The existence of any sub-lease or sub-leases shall not in any way relieve Tenant from its responsibilities as to the entire Leased Premises under this Lease Agreement. Any default by a subtenant of its obligations to WFAA under the Form Ground Sublease shall constitute a default by Tenant of its obligations under this Agreement. Tenant shall not allow any subtenant to enter onto the Premises until the subtenant has signed a sublease.

8.3 WFAA's consent to one sublease or assignment shall not be construed as consent or waiver of its right to object to any subsequent sublease or assignment. WFAA's acceptance of rent from any sublessee or assignee shall not be construed to be a waiver of WFAA's right to void any sublease or assignment.

Article 9: Compliance with Applicable Law; Environmental Covenants

9.1 Tenant shall observe and obey all statutes, rules, regulations, and directives promulgated by WFAA and other appropriate local, State, and Federal entities having jurisdiction over the Airport, including the FAA and the Environmental Protection Agency. Without limiting the foregoing, Tenant agrees to utilize its Premises, and the common areas of the Airport, and all improvements thereon, in compliance with the Federal Aviation Regulations, including all amendments hereafter made, embodied in 49 CFR Parts 107, 108, and 139, which are specifically incorporated and made a part of this Lease Agreement. Tenant further agrees to perform all of its operations authorized hereunder in accordance with all of the terms and conditions of WFAA's Requirements and Minimum Standards for Services and Activities for the Walker Field Airport ("Minimum Standards"), Development and Architectural Standards ("Architectural Standards"), Fees and Charges ("WFAA's Fees and Charges"), the AOA Safety Procedures ("Safety Procedures"), and Fuel Handling and Storage Procedures ("Fuel Procedures"), copies of which are attached as Exhibits C, D, E, F and G, respectively, as the same may be amended from time to time. If any inconsistency exists between the terms of this Agreement, and the terms of the Minimum Standards, Architectural Standards, WFAA's Fees and Charges, Safety Procedures and Fuel Procedures, the terms of this Agreement shall control. Tenant further agrees to comply with all oral and written directives of the Airport Manager regarding Tenant's use of the Premises, the Airport's airfield areas, and other common areas elsewhere on the Airport.

9.2 Should Tenant, or Tenant's board members, officers, agents, employees, customers, guests, invitees, subtenants, assigns, 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 WFAA, then Tenant shall fully reimburse WFAA for said damage award, citation, or fine and for all costs and expenses, including reasonable attorney's fees, incurred by WFAA in defending against or satisfying the award, citation or fine.

9.3 This Lease Agreement shall also be subject and subordinate to the requirements of any existing or future contracts or agreements between WFAA and Federal, State, or local governments, or any agencies thereof, and to the requirements of any Federal, State, or local statutes, regulations, or directives governing the operation of the Airport, and WFAA shall not owe any damages to Tenant, such as lost profits or revenues, as a result of its compliance with said contracts, statutes, rules, or directives. WFAA shall also be excused from its obligations to pay Tenant eminent domain compensation under Article 12, below, or to provide substitute leasehold premises pursuant to Article 13, below, unless the payment of said proceeds or provision of substitute premises is specifically directed by the contract, statute, regulation or directive involved.

9.4 Tenant shall use propylene glycol as a deicing agent unless Tenant receives written authorization from WFAA to use a different deicing agent.

9.5 Tenant is wholly and completely responsible for security of the gates, doors or other entryway leading to the Airport's air operations area from the Premises.

9.6 Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by Tenant, its agents, employees, contractors or invitees, without the prior written consent of WFAA. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of Hazardous Material on the Premises caused or permitted by Tenant results in contamination of the Premises, then Tenant shall indemnify, defend and hold WFAA harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages, arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorney fees, consultant fees and expert fees) which arise during or after the lease term as a result of such contamination. This indemnification of WFAA by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, 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 caused or permitted by Tenant results in any contamination of the Premises, Tenant shall promptly take all actions at its sole expense as are necessary to return the Premises to the condition existing prior to the introduction of any such Hazardous Material to the Premises, provided that WFAA's approval of such actions shall first be obtained. Tenant's obligations set forth in this Article 9 shall survive the termination of this Lease Agreement.

9.7 As used in Paragraph 9.6, above, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, 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 appropriate state law provisions; (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.

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

Article 10: Nondiscrimination

10.1 Tenant, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, warrants 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) Tenant 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.

10.2 Tenant 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 Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

10.3 This Lease Agreement is subject to the requirements of the US Department of Transportation's regulations governing nondiscrimination. Tenant 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 Agreement. Tenant 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.

10.4 Non-compliance with subparagraphs 10.1, 10.2, and 10.3, above, after written finding, shall constitute a material breach thereof and, in the event of such non-compliance, WFAA shall have the right to terminate this Lease Agreement and the estate hereby created without liability therefor or at the election of WFAA or the United States either or both said Governments shall have the right to judicially enforce said subparagraphs 10.1, 10.2, and 10.3.

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

Article 11: Indemnity of WFAA

11.1 Tenant shall and hereby agrees to indemnify and forever save WFAA, any heirs, successors, assigns, or legal representatives, board members and employees of WFAA and the Premises free and harmless from and against:

11.1.1 Any and all liability, penalties, losses, damages, costs and expenses, causes of action, claims, or judgments arising from or growing out of

any injury or injuries to any person or persons or any damage or damages to any property as a result of any accident or other occurrence during the term of this Lease Agreement occasioned by any act or acts, omission or omissions of the Tenant, its officers, employees, agents, servants, subtenants, concessionaires, licensees, contractors, invitees, or permittees, or arising from or growing out of the use, maintenance, occupation, or operation of the Premises during the term of this Lease Agreement.

11.1.2 From and against all legal costs and charges, including reasonable attorneys' fees, incurred in and about such matters and the defense of any action arising out of the same 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 or omission of the Tenant.

11.1.3 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 instance and request of the Tenant in, on, or about the Premises and, accordingly, Tenant will either satisfy any such lien or, if Tenant disputes the validity thereof, will defend any action for the enforcement thereof (and if Tenant loses any action, will cause such lien to be satisfied and released).

Article 12: Eminent Domain

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 WFAA, exercising its powers of eminent domain (or in the event that all or any portion of the Premises is conveyed to such a condemning authority in settlement and acceptance of such condemning authority's offer to purchase all or any portion of the Premises in connection with its threat to take said areas under power of condemnation or eminent domain), the proceeds, if any, from such taking or conveyance shall be allocated between WFAA and Tenant according to the applicable Colorado 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 reasonably to continue the authorized purposes contemplated by this Lease Agreement in an economically viable manner, then this Lease Agreement 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, Tenant shall surrender the Premises to WFAA and all of WFAA's fixtures and personal property thereon, and Tenant may remove its improvements, fixtures and personal property located upon the Premises, in accordance with the provisions of this Lease Agreement. No severance damages shall be paid by WFAA to Tenant as the result of the condemnation nor shall any damages be paid to Tenant as the result of the termination of this Lease Agreement.

12.2 WFAA may grant or take easements or rights-of-way across the Premises if WFAA determines it is in its best interests and in accordance with applicable Colorado law of eminent domain. If WFAA grants or takes such an easement or right-of-way across any of the Premises, Tenant shall be entitled to compensation in accordance with applicable Colorado law of eminent domain.

Article 13: Substitution of Premises

13.1 In addition to WFAA's other rights set forth in this Lease Agreement, WFAA has the right (but not the obligation) to substitute Comparable Areas for all or any portion of the Premises, and any additions, alterations or improvements thereon, should WFAA, in its sole discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes. In the event that WFAA elects to exercise its right to substitute, all title, right and interest to the portion of Premises taken shall immediately vest in WFAA. Furthermore, WFAA may require Tenant to vacate the portion of the Premises taken. For the purposes of this Article 13, 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. WFAA shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Tenant's improvements, equipment, furniture, and fixtures to the substituted area. If any of Tenant's improvements, equipment, furniture, or fixtures cannot be relocated, WFAA shall replace, at WFAA's expense, such non-relocatable improvements and other property with comparable property in the Premises, and WFAA 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 Tenant, or any other third party whomsoever. It is the specific intent of this subparagraph that Tenant be placed, to the extent possible, in the same position it would have been, had WFAA not substituted new premises for the Premises; provided, however, that WFAA shall not be obligated to reimburse Tenant for any damages, including lost profits or revenues, due to such substitution.

13.2 Nothing in subparagraph 13.1, above, shall be construed to adversely affect WFAA's rights to condemn Tenant's leasehold rights and interests in the Premises, and improvements thereon, should WFAA, in its sole discretion, determine that it requires all or any portion of the Premises, and improvements thereon, for other Airport purposes. WFAA may, at its sole discretion, exercise its leasehold condemnation rights under Article 12, above, in lieu of WFAA's substitution rights set forth in subparagraph 13.1, above. Nothing in this Article 13 shall be construed as a promise by WFAA to substitute Comparable Areas for the Premises. In the event WFAA proceeds by way of condemnation, subparagraph 13.1 shall not apply, and Tenant shall be entitled to compensation for its leasehold interests in that portion of the

Premises, and improvements thereon, so taken, in accordance with applicable Colorado condemnation law.

Article 14: Airport Development Rights; Emergency Use of Premises

14.1 In addition to WFAA's other rights set forth in this Lease Agreement, WFAA reserves the right to further develop or improve all areas within the Airport, including landing areas, as WFAA may determine, in its sole discretion, to be in the best interests of the Airport, regardless of the desires or views of Tenant, and without further interference or hindrance from Tenant. Furthermore, WFAA may from time to time increase or decrease the size or capacity of any airfield areas and Airport rights of way/facilities (other than the Premises), 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 may be caused Tenant thereby, and without being deemed to have terminated this Agreement as a result thereto.

14.2 Tenant hereby permits WFAA 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 WFAA determine, in its sole discretion, that WFAA 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. WFAA shall use best efforts to attempt to locate alternative space on the Airport from which Tenant may conduct his business, while WFAA is utilizing all or a portion of the Premises during the pendency of the emergency or unforeseen circumstances. If WFAA is not able to find alternate space on the Airport from which Tenant may conduct his business during said emergency or unforeseen circumstances, then Tenant shall be entitled to an abatement of ground rent, allocable to that portion of the Premises utilized by WFAA, for the length of time WFAA utilizes said portion of the Premises. Finally, regardless of whether WFAA is able to locate alternate premises on the Airport for Tenant to conduct its business, Tenant shall not be entitled to any damages, including lost profits or revenues from WFAA, as a result of WFAA's utilization of the Premises or other areas of the Airport during the emergency or unforeseen circumstances involved, and Tenant shall continue to owe WFAA all landing fees and other fees and charges that accrue during said period.

Article 15: Cooperation with WFAA in Collecting Fees

15.1 Tenant understands that commercial ground transportation operators who pick up their patrons at Tenant's Premises must pay access fees, as well as other fees and charges, to WFAA, pursuant to WFAA's Fees and Charges, as they may be

amended from time to time. Accordingly, in order to assist WFAA in determining the fees owed to WFAA by said ground transportation operators, Tenant will, to the best of its ability, provide in writing to WFAA 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 Tenant's Premises during the preceding month:

15.1.1 the name, business address, and telephone number of each operator involved; and

15.1.2 the date and time of each customer picked up by each such operator during the preceding month.

15.2 Tenant shall provide to WFAA or third party governmental agency involved such additional information or clarifications as WFAA or governmental agency may request, to (a) enable WFAA to calculate the landing fees, access fees, and other fees owed by aircraft and ground transportation operators to WFAA pursuant to WFAA's Fees and Charges, as the same may be amended from time to time; (b) further WFAA'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 Tenant shall be reported to WFAA and/or governmental agency involved within seven (7) days of Tenant's discovery of said changes or corrections.

15.3 Tenant 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 WFAA, and WFAA has sent written notice to Tenant instructing Tenant to cease providing its services or access to said operator.

15.4 Tenant 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.

Article 16: Signs

No exterior signs, logos, or advertising displays identifying Tenant or its assigns, subtenants, 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 WFAA, which approval shall not be unreasonably withheld. Any such signs, logos, or advertising shall conform to reasonable standards to be established by WFAA, with respect to type, size, design, materials and location. All signs shall comply with all applicable city, county, and state regulations.

Article 17: Damage to Airport; Waste

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

17.2 Tenant may not commit Waste upon the Premises. Additionally, Tenant may not conduct mining or drilling operations, remove sand, gravel, or kindred substances from the ground, commit waste of any kind, nor in any manner substantially change the contour or condition of the Premises without prior written permission of WFAA.

Article 18. Quiet Enjoyment

WFAA expressly covenants and represents that upon payment of fees when due and upon performance of all other conditions required herein, Tenant shall peaceably have, possess and enjoy the Premises and other rights herein granted, without hindrance or disturbance from WFAA, subject to WFAA's rights contained elsewhere in this Agreement. Notwithstanding the provision set forth in the preceding sentence or any other provision of this Lease Agreement, WFAA and any tenant of WFAA shall have the right to traverse the Premises if WFAA, in its sole discretion, believes that such traversing is necessary or desirable for the efficient operations of WFAA or the other tenant.

Article 19: Surrender Upon Termination; Holding Over

19.1 Upon the expiration or sooner termination of this Lease Agreement, Tenant shall peaceably surrender to WFAA possession of the Premises, together with any improvements, fixtures, or personal property of WFAA thereon (such as WFAA's security fencing and gating) in as good a condition as the Premises, and improvements, fixtures, and personal property were initially provided to Tenant, ordinary wear and tear

excepted, without any compensation whatsoever, and free and clear of any claims of interest of Tenant or any other third party whomsoever.

19.2 Subject to WFAA's lien rights under applicable Colorado law, upon expiration or sooner termination of the Lease, Tenant shall have thirty (30) days from such date of expiration or termination to remove from the Premises all personal property, improvements, and fixtures belonging to Tenant, its customers, or any third parties, including, but not limited to, its hangar building thereon. Following its removal of any improvements, fixtures or other personal property from the Premises or from any improvement on the Premises, Tenant shall restore the Premises, and other improvements from which the fixtures or property were taken, to good condition and repair. Following the exercise of its right to remove any improvement from the Premises, Tenant shall restore the Premises upon which such removed improvements were located to a flat and level condition, and if paved, then re-paved to the same depth and specifications as existing at the expiration or sooner termination of this Lease Agreement. Title to all personal property, fixtures, and improvements not removed by Tenant from the Premises within thirty (30) days of the expiration or sooner termination of this Lease Agreement, including any building it has constructed thereon shall automatically vest in WFAA, without payment by WFAA to Tenant of any compensation whatsoever, and said personal property, fixtures, and improvements shall thereafter be owned by WFAA free and clear of any claim of interest by Tenant or of any third party whomsoever. WFAA also shall receive the standard rental payment from Tenant for the use of the Premises for the personal property, fixtures, and improvements thereon until such time as Tenant removes said personal property, fixtures, and improvements from the Premises, or Tenant provides WFAA with written notice of its decision not to remove said personal property, fixtures, and improvements from the Premises.

19.3 If Tenant holds over or remains in possession or occupancy of the Premises after the expiration of this Lease Agreement 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 Agreement but shall create only a tenancy from month to month which may be terminated at any time by WFAA upon thirty (30) days written notice. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Lease Agreement.

Article 20: Default and Remedies

20.1 The Tenant shall be in default of this Lease Agreement upon the happening of any of the following events or conditions ("Events of Default"):

20.1.1 Default by Tenant or any of its assignees or subtenants in payment or performance of any obligation, covenant or liability contained or

referred to in this Lease Agreement or the Form Ground Sublease contained in Exhibit H (or other WFAA approved sublease) and required to be given to each subtenant pursuant to subparagraph 8.2 of this Lease Agreement.

20.1.2 The Tenant'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 Tenant, or the general assignment of Tenant's rights, title and interest hereunder for the benefit of creditors;

20.1.3 The Premises being left vacant or unoccupied or apparently abandoned by Tenant for a period of 30 days.

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

20.2 Upon an Event of Default as defined in paragraph 20.1, WFAA 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 and in addition to all other rights and remedies authorized by law or equity:

20.2.1 WFAA may, with or without terminating this Lease Agreement, bring and maintain any action for any amount due and unpaid and/or specific performance. WFAA's damages shall be the total of all rent and cost and expenses of performance of all other covenants of the Tenant as herein provided due or to become due for the remainder of the lease term together with WFAA's costs, including reasonable attorneys' fees, incurred in retaking possession of the Premises and bringing the action. However, as a condition of any judgment rendered against Tenant for damages as herein provided, WFAA shall be obligated to pay Tenant all amounts WFAA may realize from reletting the Premises for the remainder of the lease term (not in excess of the rental specified herein) after deducting WFAA's costs incurred in connection with redecorating, altering, etc., to prepare the Premises for reletting. WFAA shall have the sole discretion to determine the terms and conditions of reletting the Premises.

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

20.2.3 WFAA may, at its option, with or without declaring this Lease Agreement 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 reletting, and may relet the Premises or any part thereof in order to mitigate WFAA's damages. The terms and conditions of such reletting shall be in the sole discretion of WFAA. All rent received by WFAA for the remainder of the lease term shall be applied first to the payment of expenses WFAA may have incurred in connection with recovery of possession of the Premises and/or preparing it for reletting, and the reletting, 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 Tenant as herein provided. Tenant shall, whether or not WFAA has relet, pay WFAA all rent and other sums herein agreed to be paid by Tenant, less the net proceeds of the reletting, if any, as ascertained from time to time, and the same shall be payable by Tenant upon demand. If WFAA elects, pursuant hereto, actually to occupy and use the Premises or any part thereof during any part of the balance of the lease terms as originally fixed or since extended, there shall be allowed against Tenant's obligation for rent or other charges as herein defined, during the period of WFAA's occupancy, the reasonable value of such occupancy, not to exceed in any event the rent herein reserved, and such occupancy shall not be construed as a release of Tenant's liability hereunder.

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

20.3 In the event WFAA relets the Premises pursuant to paragraph 20.2.2 or 20.2.3 above, any and all of Tenant's improvements, structures, furniture, furnishings, equipment, and trade fixtures that are in or on or about the Premises may be used by WFAA or its new tenant until the expiration of the natural term without any liability for rent, compensation, or other charge therefor; however, if, on the expiration of the natural term or on an earlier termination of this Lease Agreement, the total net amount so collected or received by WFAA from and through any such reletting or operation has exceeded the total amount accrued and due and unpaid from the Tenant, then such excess shall be applied to the Tenant.

20.4 Whenever a right of reentry is given to WFAA by the terms of this Lease Agreement, WFAA 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 Tenant, and WFAA may use all force necessary to make such

entry and/or hold the Premises after such entry and/or to remove Tenant and/or any other person and property from the Premises; and WFAA 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.

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

20.6 WFAA's retaking of possession of the Premises shall not constitute acceptance of surrender, eviction, or forfeiture of the Lease Agreement. WFAA and Tenant hereby expressly agree that if, after Tenant's default, WFAA retakes possession of the Premises, Tenant shall remain liable for all unaccrued rent, and all other obligations of this Lease Agreement for the remainder of the lease term; notwithstanding WFAA's reentry. Upon default, WFAA may exercise any of the remedies specified in paragraph 20.2, above.

20.7 Any defaults by either of the parties in the performance of any of the terms and conditions contained herein 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 WFAA or Tenant must comply.

Article 21: Representations Regarding Legalities

21.1 All notices and communications hereunder shall be given by depositing the same in the United States mail, postage prepaid, registered or certified mail, and addressed to the relevant addresses as set forth in Paragraph 1, above, or to such other address as either party may by notice in writing given to the other, respectively, specify. 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 receipt. Notice given in a manner other than as specified herein shall be ineffective.

21.2 Tenant'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 Tenant will, at WFAA's request, sign such subordination agreements or statements as such lenders may from time to time require.

21.3 The failure of either party to insist upon the strict and prompt performance of any of the terms, covenants, agreements, and conditions herein contained, 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 herein contained 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.

21.4 This Lease Agreement is contingent upon FAA approval of any construction or development plans by Tenant, 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 Tenant. Tenant 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 Tenant has not provided to WFAA clear evidence that such contingencies have been satisfied, or that substantial progress has been made toward satisfaction of same, then WFAA may terminate this Lease Agreement.

21.5 This Lease Agreement constitutes the entire agreement of the parties. Modifications or amendments to this Lease Agreement shall be effective only if made in writing and executed by the parties with the same formality as and by making reference to this Lease Agreement.

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

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

21.8 Tenant represents that Tenant is the owner of, or fully authorized to use any and all services, processes, machines, articles, marks, names, or slogans used by Tenant in Tenant's operations under this Lease Agreement. Tenant shall save and hold WFAA, 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 Tenant's operations under, or in connection with, this Lease Agreement.

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

21.10 If any term or condition of this Lease Agreement or the application thereof to any person or event shall to any extent be invalid and unenforceable, the remainder of this Lease Agreement 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 Agreement shall be valid and be enforced to the fullest extent permitted by law.

21.11 WFAA expressly covenants and represents that it is the owner of the Premises, and has the right to enter into this Lease Agreement and grant the rights contained herein to Tenant. With respect to Tenant, the undersigned warrants and represents he/she is authorized to execute this Lease Agreement on Tenant's behalf, and Tenant shall be bound as a signatory to this Lease Agreement by his/her execution of this Lease Agreement.

21.12 Should Tenant breach any of its obligations hereunder, WFAA nevertheless may thereafter accept from Tenant any payment or payments due hereunder, and continue this Lease Agreement in effect, without in any way waiving WFAA's right to exercise and enforce all available default rights hereunder, or any other remedies provided by law, for said breach.

21.13 The parties agree that WFAA is not in any way or for any purpose partner or joint venturer with, or agent of, Tenant in its use of the Premises or any improvements thereon.

21.14 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.

21.15 The Exhibits to this Lease Agreement referenced herein are integral parts of this Agreement and Tenant is bound by the terms set forth therein. If through oversight or otherwise, those Exhibits are not attached hereto, it is Tenant's responsibility to obtain copies of those Exhibits from WFAA.

21.16 This Lease Agreement 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, District Court, or if federal court jurisdiction would be appropriate, then in either the Mesa County, Colorado, District Court or the Federal District Court in Denver.

Done and entered into on the date first above written.

WALKER FIELD, COLORADO, PUBLIC
AIRPORT AUTHORITY

Dated: 3/20/01

By *Craig K. Springer*
Its Chairman

TENANT:

Dated: MAY 15 2000

By *Douglas B. Lemon*
Its SKY ADVENTURES LLC

Mer Almeida
SKY ADVENTURES L.L.C.

Tenant has received Exhibits C through G

EXHIBIT A
Description of the Premises

Exhibit A

New Tract

Commencing at the Southwest Corner of Section 30, T1N, R1E, Ute Meridian, Mesa County, Colorado, from which the south quarter corner of Section 25 bears N89-59-29W a distance of 2635.60 feet (which shall be the basis of bearing), then N37-32-42E a distance of 1234.34 feet, to the Point of Beginning;

Then N54-28-55W a distance of 466.40 feet;
Then N35-11-00E a distance of 53.51 feet;
Then N54-47-15W a distance of 9.01 feet;
Then N33-25-30E a distance of 74.31 feet;
Then S56-34-30E a distance of 174.00 feet;
Then N33-25-30E a distance of 53.74 feet;
Then S54-28-55E a distance of 306.52 feet;
Then S35-31-05W a distance of 187.78 feet, to the Point of Beginning;
containing an area of 1.82 acres, as above described.

Revised Tract D

Commencing at the Southwest Corner of Section 30, T1N, R1E, Ute Meridian, Mesa County, Colorado, from which the south quarter corner of Section 25 bears N89-59-29W a distance of 2635.60 feet (which shall be the basis of bearing), then N00-02-00E, along the west line of Section 30, a distance of 1319.90 feet to the sixteenth corner, then along the N84-40-15E a distance of 438.10 feet, to the Point of Beginning;

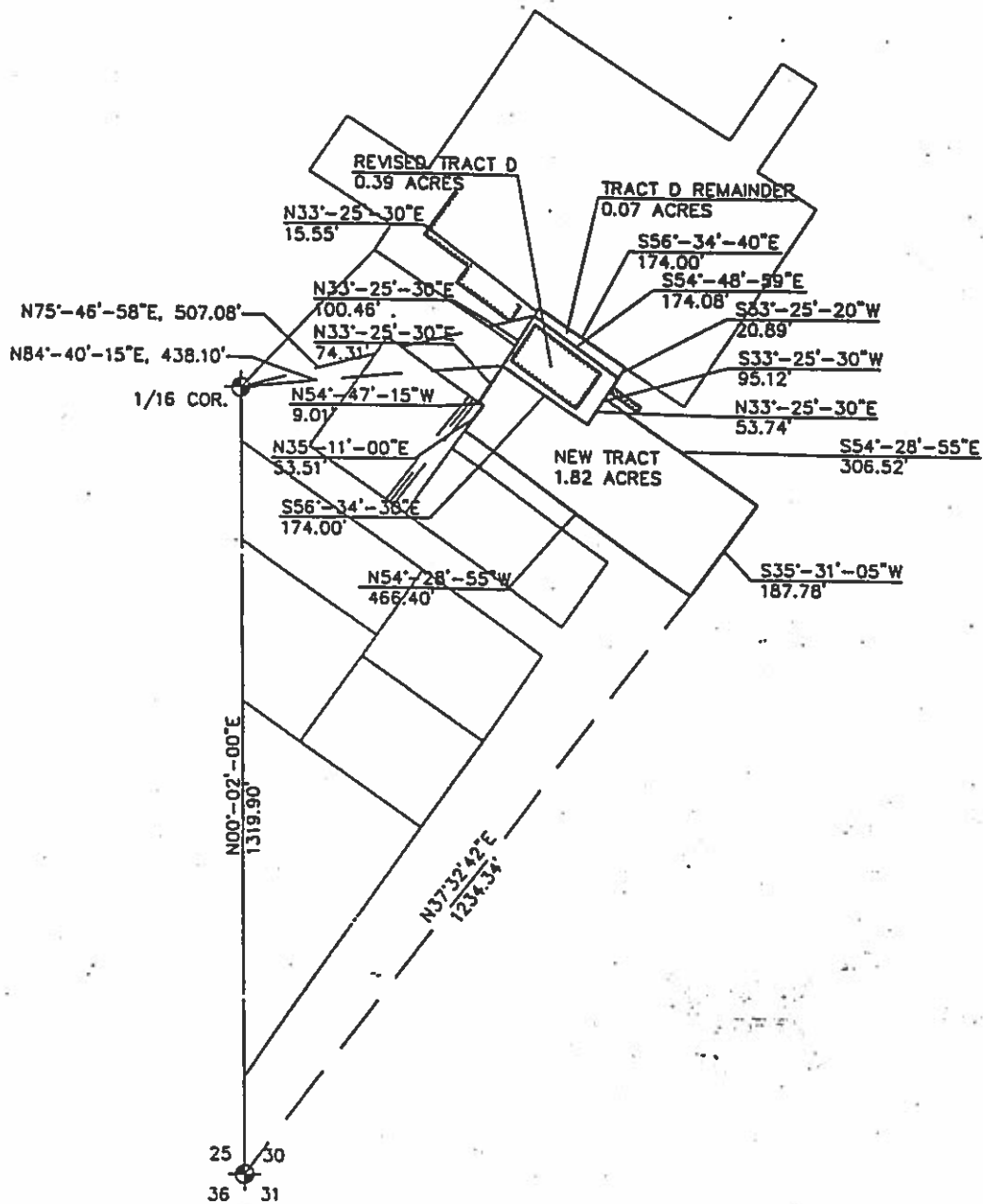
Then N33-25-30E a distance of 100.46 feet;
Then S54-48-59E a distance of 174.08 feet;
Then S33-25-30W a distance of 95.12 feet;
Then N56-34-30W a distance of 174.00 feet,
to the Point of Beginning;
containing an area of 0.39 acres, as above described.

Tract D Remainder

Commencing at the Southwest Corner of Section 30, T1N, R1E, Ute Meridian, Mesa County, Colorado, from which the south quarter corner of Section 25 bears N89-59-29W a distance of 2635.60 feet (which shall be the basis of bearing), then N00-02-00E along the west line of Section 30 a distance of 1319.90 feet to the sixteenth corner, then N75-46-58E a distance of 507.08 feet, to the Point of Beginning;

Then N33-25-30E a distance of 15.55 feet;
Then S56-34-40E a distance of 174.00 feet;
Then S33-25-30W a distance of 20.89 feet;
Then N54-48-59W a distance of 174.08 feet,
to the Point of Beginning;
containing an area of 0.07 acres, as above described.

EXHIBIT B **Survey Including Common and Particular Description of the Premises**



27 FAABFL.WPD

AGREEMENT TO TERMINATE "NEW TRACT" LEASE

THIS AGREEMENT TO TERMINATE LEASE is entered into and effective this 1st day of January, 2001 by and between the Walker Field, Colorado Public Airport Authority ("Airport Authority"), the Buescher Family Limited Partnership ("BFLP").

RECITALS

A. The Airport Authority is a political subdivision of the State of Colorado and is the owner of the Walker Field Airport, located in Grand Junction, Colorado ("Airport").

B. On March 31, 2000 the Airport Authority and BFLP entered into a Lease Agreement, pursuant to which BFLP leased approximately 1.82 Acres as described on Exhibit A and referred to as "New Tract".

C. On May 10, 2000, Buescher Family Limited Partnership gave permission for Walker Field Airport Authority to enter into lease negotiations with Sky Adventures LLC for the lease of the 1.82 Acre Tract known as the "New Tract".

D. The lease of the "New Tract" by Buescher Family Partnership was to facilitate a 1031 exchange between Sky Adventures LLC and Buescher Family Limited Partnership.

E. Prior to acceptance by the Airport Authority of the "Termination Of New Tract Lease", Wells Fargo Bank West, National Association will have released the "New Tract" from the Landlord's Estoppel Certificate dated August 22, 2000.

Therefore, in consideration of the above Recitals and the mutual promises and representations set forth below, the parties hereby agree as follows:

AGREEMENT

A. By its execution of this Agreement, the Airport Authority and BFLP agree to terminate the lease of the 1.82 Acre parcel known as the "New Tract" as described on Exhibit A..

CONSENT TO TERMINATE LEASE

WALKER FIELD PUBLIC
AIRPORT AUTHORITY

By Craig T. Springer
Chairman

BUESCHER FAMILY LIMITED
PARTNERSHIP

By Louis A. Buescher
Louis A. Buescher, General Partner

ATTEST: [Signature]

Exhibit A

New Tract

Commencing at the Southwest Corner of Section 30, T1N, R1E, Ute Meridian, Mesa County, Colorado, from which the south quarter corner of Section 25 bears N89-59-29W a distance of 2635.60 feet (which shall be the basis of bearing), then N37-32-42E a distance of 1234.34 feet, to the Point of Beginning;

Then N54-28-55W a distance of 466.40 feet;

Then N35-11-00E a distance of 53.51 feet;

Then N54-47-15W a distance of 9.01 feet;

Then N33-25-30E a distance of 74.31 feet;

Then S56-34-30E a distance of 174.00 feet;

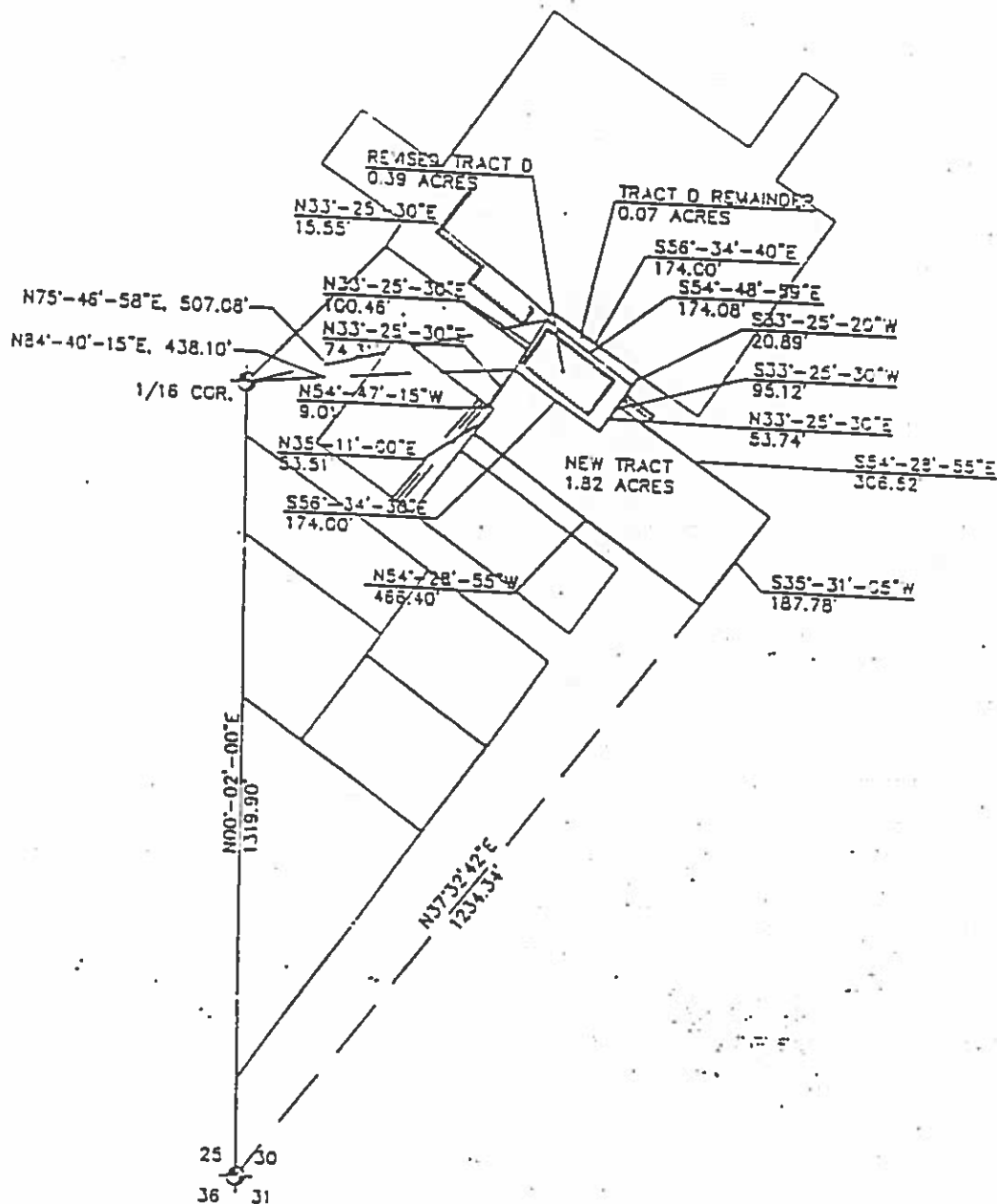
Then N33-25-30E a distance of 53.74 feet;

Then S54-28-55E a distance of 306.52 feet;

Then S35-31-05W a distance of 187.78 feet, to the Point of Beginning;
containing an area of 1.82 acres, as above described.

YCB

Exhibit A cont.
 Survey Including Common and Particular Description of the Premises



07
27FAABFLWPD

NICHOLS
 ASSOCIATES, INC.

CIVIL ENGINEERING • STRUCTURAL ENGINEERING • SURVEYING
 751 Newton Court • Grand Junction, Colorado 81505 • Phone 970-646-7101

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	First Amendment to Sky Adventures Ground Lease		
PURPOSE:	Information <input type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input checked="" type="checkbox"/>
RECOMMENDATION:	Approve the First Amendment to Sky Adventures Ground Lease Agreement to extend the lease term and authorize the Executive Director to execute the same.		
SUMMARY:	<p>This First Amendment to the Sky Adventures Lease is a companion to the Assignment of Ground Lease. In consideration of West Star's commitment to (i) use the Sky Adventures Building for aeronautical purposes consistent with its current business operations, and (ii) make significant investment in and improvements to the Building, staff recommends that the Sky Adventures lease, which is set to expire in March of 2031, be amended to include an option for West Star to extend the term for an additional ten years, which would extend the termination date to March of 2041. Further, West Star will have the option to extend the lease term for two additional five-year periods, provided that it makes an investment of no less than \$185,000.00 in the Building for <i>each</i> extension period (for a total investment of \$370,000.00).</p> <p>Providing West Star with the option to extend the term of this lease will make the lease in greater alignment with West Star's existing leases with GJRAA (which have extension options lasting until 2033 and 2064, respectively) and allow West Star to take a more comprehensive approach to its growth at GJT.</p> <p>In addition, this First Amendment provides updates to the Legal Description and Property Map for the Sky Adventures leasehold to correct prior inconsistencies in those documents.</p>		
REVIEWED BY:	Executive Director and Legal Counsel		
FISCAL IMPACT:	N/A		
ATTACHMENTS:	Assignment of Ground Lease Agreement and Consent to Assignment		
STAFF CONTACT:	Angela Padalecki apadalecki@gjairport.com 970-852-1247		

FIRST AMENDMENT TO GROUND LEASE AGREEMENT

THIS FIRST AMENDMENT TO GROUND LEASE AGREEMENT (the “First Amendment”) is made and entered as of the date indicated on the signature page below, by and between the GRAND JUNCTION REGIONAL AIRPORT AUTHORITY (the “Airport Authority”), a political subdivision of the State of Colorado, having an address of 2828 Walker Field Drive, Suite 301, Grand Junction, Colorado 81506, and WEST STAR AVIATION, LLC, a corporation authorized to do business in the State of Colorado (“West Star”) (collectively referred to herein as the “Parties”).

W I T N E S S E T H

WHEREAS, the Airport Authority (formerly known as Walker Field, Colorado, Public Airport Authority) and Sky Adventures, LLC (“Sky Adventures”) entered into a Ground Lease Agreement with a commencement date of March 20, 2001 (the “Lease Agreement”);

WHEREAS, effective October __, 2022, the Lease Agreement has been assigned, with the consent of the Airport Authority, from Sky Adventures to West Star;

WHEREAS, West Star has committed to use the Leased Premises under the Lease Agreement for aeronautical purposes and support activities directly related thereto, without request for waiver or exception;

WHEREAS, prior to the assignment of the Lease Agreement, the Airport Authority and West Star were already parties to a Hangar Lease dated September 1, 2013 and a Ground Lease dated April 1, 2016 (collectively, the “West Star Leases”); and

WHEREAS, the Parties desire to, inter alia, extend the Term of the Lease Agreement to more closely align with those set forth in the West Star Leases;

NOW THEREFORE, in consideration of the mutual agreements herein contained, and subject to the terms and conditions herein stated, the Parties agree as follows:

1. Paragraph 1.1 “Date” is hereby deleted in its entirety and replaced with the following:

“1.1 Commencement Date: March 20, 2001”

2. Paragraph 1.7, “Commencement Date” is hereby deleted in its entirety and replaced with the following:

“1.7 Conditions to Commencement: The Parties agree that all conditions precedent to commencement of the Lease Agreement have been satisfied.”

3. Paragraph 1.8 “Expiration Date” is hereby deleted in its entirety and replaced with the following:

“Expiration Date: The term of this Lease Agreement shall commence on the Commencement Date and expire on March 20, 2041 (the “Expiration Date”). Lessee may elect to extend the Term by two (2) periods of five (5) years each (each an “Extension Period”) by providing written notice to the Airport Authority at least one hundred and eighty (180) days prior to the Expiration Date or the expiration of the first Extension Period, provided, that, (i) at the time of making such request, Lessee is not in default under the Lease Agreement beyond applicable notice and cure periods, and (ii) Lessee has furnished to the Airport Authority the documentation required by Section 4.4 of this Lease Agreement.”

4. The following Section 4.4 is hereby added to Article 4:

“The Airport Authority has authorized Tenant to construct improvements to the Premises, subject to the terms and conditions of this Lease Agreement. In order to be eligible to exercise any option to renew for an Extension Period, Tenant shall be required to expend not less than \$185,000.00 on Eligible Costs in improving and/or remodeling the Premises for each Extension Period which Tenant desires to exercise (the “Investment Obligation”). By way of example, if Tenant has met its Investment Obligation of at least \$185,000.00 at any time prior to commencement of the first Extension Period it shall be eligible to exercise the first extension option for the first Extension Period; and if it has met a total Investment Obligation of \$370,000.00 at any time prior to the commencement of the second extension option it shall be eligible to exercise the second extension option for the Second Extension Period.

For the purposes of this Section 4.4, “Eligible Costs” means construction costs (labor, materials, equipment, machinery, and fixtures), design costs, architectural and engineering fees, construction management fees, and costs to obtain applicable permits.”

5. **Exhibit A**, Description of the Premises, is hereby deleted in its entirety and replaced with the attached **Exhibit A**.
6. **Exhibit B**, Survey Including Common and Particular Description of the Premises, is hereby deleted in its entirety and replaced with the attached **Exhibit B**.
7. Except as expressly amended or modified herein, the Lease Agreement shall remain unmodified and in full force and effect.
8. The undersigned signatory for West Star warrants and represents that he/she is an officer or agent of West Star authorized to execute this First Amendment on behalf of West Star, and, by his/her execution below, West Star shall be bound to this First Amendment.

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment this ____ day of October, 2022.

[END OF FIRST AMENDMENT; SIGNATURES AND EXHIBITS FOLLOW]

**GRAND JUNCTION REGIONAL AIRPORT
AUTHORITY**

By: _____

Its: _____

WEST STAR AVIATION, LLC

By: _____

Its: _____

EXHIBIT B

Survey Including Common and Particular Description of the Premises

Exhibit A

New Tract

Commencing at the Southwest Corner of Section 30, T1N, R1E, Ute Meridian, Mesa County, Colorado, from which the south quarter corner of Section 25 bears N89-59-29W a distance of 2635.60 feet (which shall be the basis of bearing), then N37-32-42E a distance of 1234.34 feet, to the Point of Beginning;

Then N54-28-55W a distance of 466.40 feet;
Then N35-11-00E a distance of 53.51 feet;
Then N54-47-15W a distance of 9.01 feet;
Then N33-25-30E a distance of 74.31 feet;
Then S56-34-30E a distance of 174.00 feet;
Then N33-25-30E a distance of 53.74 feet;
Then S54-28-55E a distance of 306.52 feet;
Then S35-31-05W a distance of 187.78 feet, to the Point of Beginning;
containing an area of 1.82 acres, as above described.

Revised Tract D

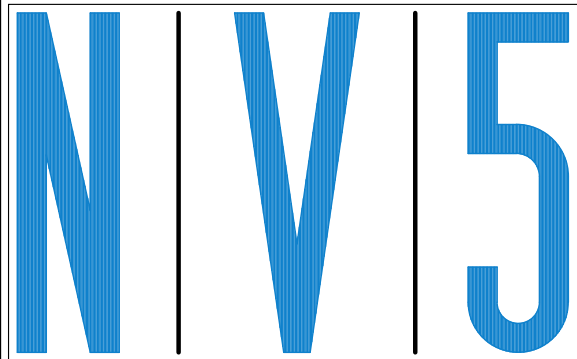
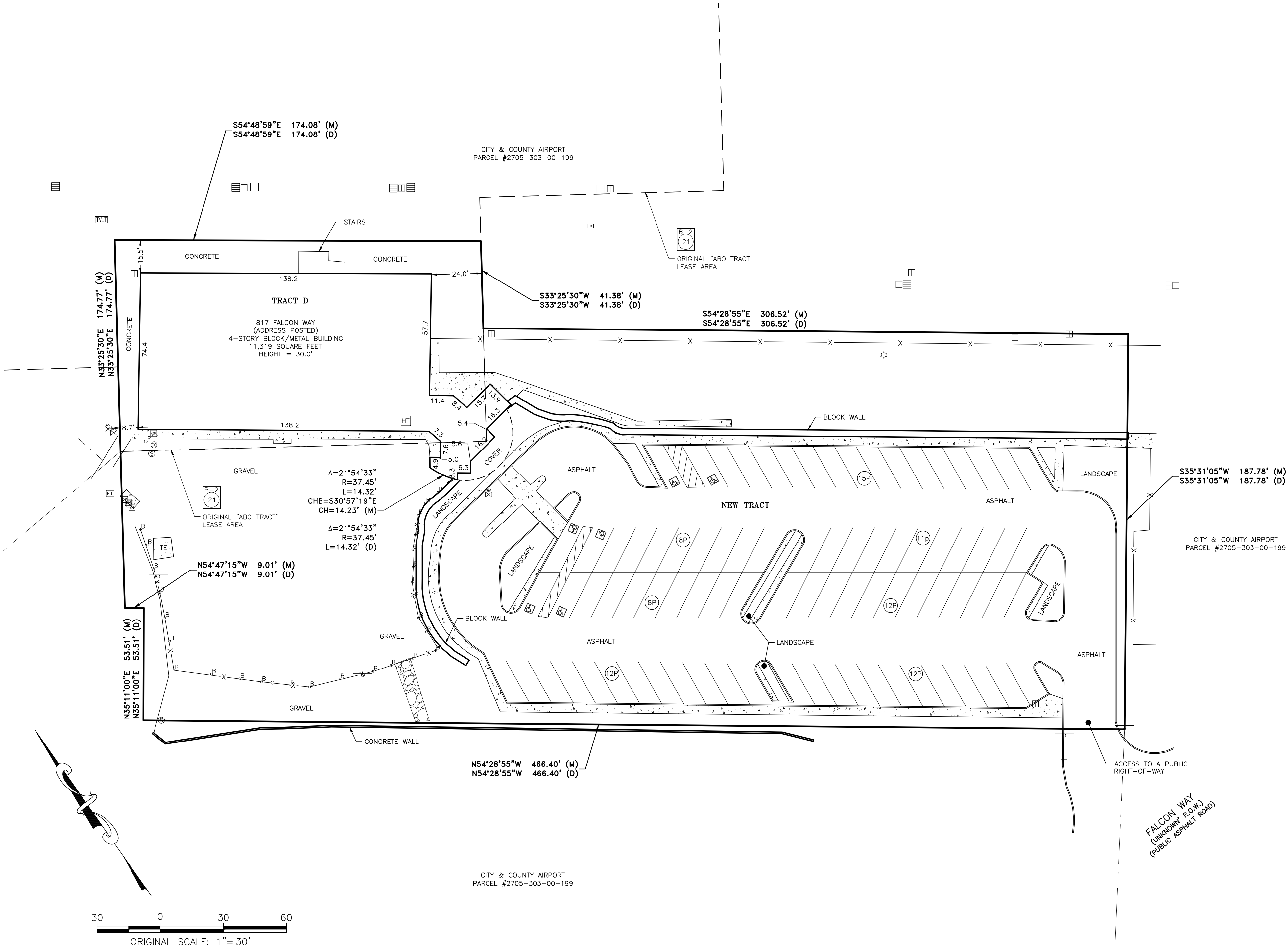
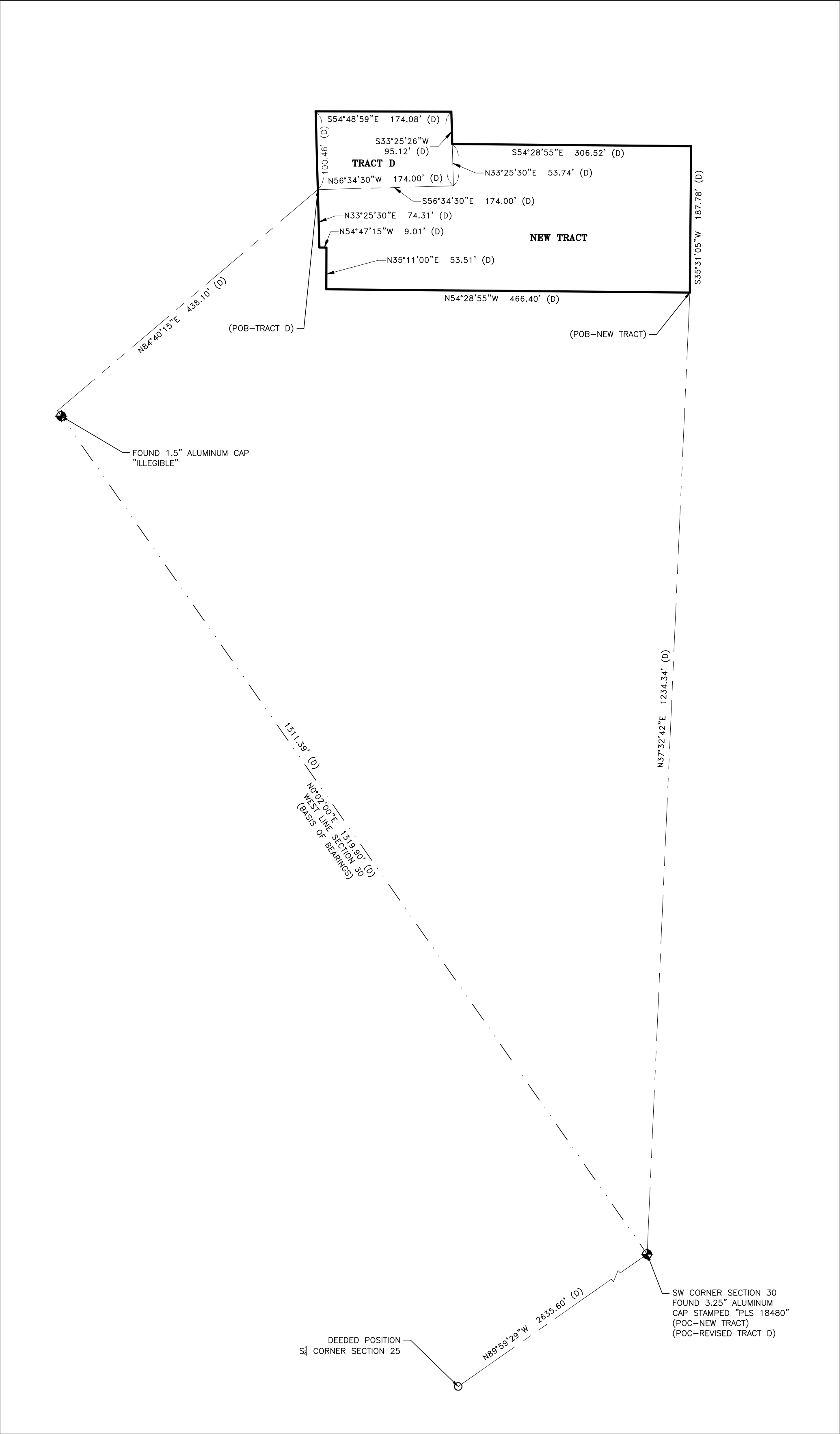
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Then N33-25-30E a distance of 100.46 feet;
Then S54-48-59E a distance of 174.08 feet;
Then S33-25-30W a distance of 95.12 feet;
Then N56-34-30W a distance of 174.00 feet,
to the Point of Beginning;
containing an area of 0.39 acres, as above described.

A.L.T.A./N.S.P.S. LAND TITLE SURVEY

A PARCEL OF LAND SITUATED IN THE SW¹/₄ OF SECTION 30, TOWNSHIP 1 NORTH, RANGE 1 EAST OF THE 6TH P.M.,
COUNTY OF MESA, STATE OF COLORADO

EXHIBIT B - Survey Including Common and Particular Description of the Premises



ALTA/NSPS LAND TITLE SURVEY
PREPARED FOR
FALCON WAY
DATE OF FIELD SURVEY: AUGUST 29, 2022
NETWORK PROJECT NUMBER: 202205203-001 RLS
1-(800)-SURVEYS (787-8397)
TRANSACTION SERVICES
www.bockandclark.com maywehelpyou@bockandclark.com www.NV5.com

SURVEY • ZONING • ENVIRONMENTAL • ASSESSMENT

Grand Junction Regional Airport Authority

Agenda Item Summary

TOPIC:	2023 Draft Budget Presentation		
PURPOSE:	Information <input checked="" type="checkbox"/>	Guidance <input type="checkbox"/>	Decision <input type="checkbox"/>
RECOMMENDATION:	N/A		
SUMMARY:	<p>The attached materials represent the draft 2023 budget and includes a detailed description of the assumptions used to develop revenue and expense estimates.</p> <p>The budget is based on a conservative estimate of passenger and activity levels for 2023. Commercial airline passenger enplanements are budgeted to be within 12% of 2019 levels. Income from operations is budgeted at \$1.2 million while assuming increases for most rates and charges and a 15% increase in airline fees.</p> <p>The capital expense budget anticipates an aggressive construction schedule. This results in a \$37.8M capital expense budget for AIP and grant funded projects and corresponding grant revenue of \$34.8M. Additionally, the Airport plans to invest \$3M in airport funded development and improvement projects in 2023.</p> <p>Staff reviewed the initial draft budget with the Finance and Audit Committee on September 20. The board will also hear both commissioner and public comments and feedback at the October 18, 2022 meeting.</p> <p>Additional comments and feedback will be accepted and incorporated into a final draft budget to be presented for adoption before the end of the year.</p>		
REVIEWED BY:	Executive Director		
FISCAL IMPACT:	Total Appropriations for 2023: \$48,333,795 Operating – \$6,065,000 Debt Service – \$1,504,000 Capital – \$40,764,795		
ATTACHMENTS:	2023 DRAFT Budget Summary		
STAFF CONTACT:	Shelagh Flesch Email: sflesch@gjairport.com Office: (970) 248-8590		

GRAND JUNCTION REGIONAL AIRPORT AUTHORITY 2023 BUDGET ASSUMPTIONS

2023 Budget Objective and Assumptions

- **2023 Budget Objective**: The budget objective is to maintain a strong financial position while staying on track with the Capital Improvement Program and maintaining competitive rates and charges to enable robust growth.
- **Operating Revenue**: 2023 operating revenue is budgeted at approximately \$7.3 million, an increase of 15.9% from 2022 budgeted operating revenue. The operating revenue budget assumes rate increases for most lines of business and conservative commercial activity levels based on discussions with the airlines and published airline schedules.
- **Operating Expense**: The operating expense budget is \$6.0 million, a 13.8% increase from the 2022 budget mainly due to escalating supply and personnel costs. Assumptions are detailed in the summary at the end of the packet.
- **Non-Operating Revenue and Expense**: Non-operating revenues and expenses include restricted PFC and CFC revenues that must be spent on capital projects, scheduled debt service payments, interest income, capital expenses, and capital contributions (grants). The net budgeted cash inflow/outflow from all non-operating activity is a cash outflow (expense) of approximately \$5.7 million. The budgeted cash outflow reflects \$40.8 million in total capital projects that are partially offset by \$34.8 million in grant revenue. The local match for grant-funded projects is budgeted at \$2.9 million. \$3.0 million is budgeted for cash-funded capital projects including \$2.5 million for expansion of the paved public parking lot.
- **Net Change in Position (Budgetary Basis)**: The net change in position in the proposed 2023 budget is a reduction of \$4.5M, driven by a net budgeted non-operating cash outflow of \$5.7 million that was partially offset by \$1.2M in Net Operating Income (Operating Revenue - Operating Expense). The main drivers for the budgeted cash drawn down are \$40.8 million in budgeted capital investment and a conservative operating revenue budget that assumes commercial passenger levels at 88% of 2019 actuals.

**GRAND JUNCTION REGIONAL AIRPORT AUTHORITY
2023 BUDGET**

Account Name	2019 Actual	2020 Actual	2021 Actual	2019-2021 Avg	2022 Budget	2022 Forecast	2023 Budget
OPERATING REVENUE							
Aeronautical revenue							
Total Passenger Airline Revenue	\$ 1,944,134	\$ 1,730,600	\$ 1,840,535	\$ 1,838,000	\$ 1,798,000	\$ 1,711,000	\$ 2,054,000
Total Non-passenger airline revenue	917,810	871,975	935,425	908,000	841,000	1,063,000	896,000
Total Aeronautical revenue	2,861,944	2,602,575	2,775,960	2,746,000	2,639,000	2,774,000	2,950,000
Non-aeronautical revenue	4,001,968	2,621,069	4,072,228	3,565,000	3,629,000	3,689,000	4,315,000
Total Operating revenues	6,863,912	5,223,644	6,848,188	6,311,000	6,268,000	6,463,000	7,265,000
OPERATING EXPENSES							
Personnel compensation and benefits	2,418,859	2,367,812	2,337,804	2,375,000	2,694,000	2,669,550	2,983,000
Communications and utilities	304,206	308,588	347,665	320,000	349,000	402,000	452,000
Supplies and materials	574,359	426,306	481,110	494,000	537,000	646,000	609,000
Contract services	603,586	581,417	668,619	618,000	789,000	737,000	834,000
Repairs & maintenance	568,063	327,019	905,426	600,000	378,000	410,000	644,000
Insurance	108,989	122,503	133,707	122,000	140,000	140,000	151,000
Other	240,688	173,047	272,893	229,000	381,000	382,000	392,000
Total Operating Expenses	4,818,750	4,306,692	5,147,224	4,758,000	5,268,000	5,386,550	6,065,000
Net Revenue (Expense) from Operations	2,045,162	916,952	1,700,964	1,553,000	1,000,000	1,076,450	1,200,000
NON-OPERATING REVENUE (EXPENSE)							
Passenger facility charges (restricted rev)	1,050,179	614,796	1,048,647	905,000	1,004,000	936,000	954,000
Interest income	225,138	67,958	33,131	109,000	38,000	33,000	33,000
Interest expense	(810,176)	(789,021)	(576,577)	(725,000)	(740,000)	(740,000)	(709,000)
Customer facility charges (restricted rev)	741,145	278,624	689,784	570,000	636,000	579,000	624,000
Capital contributions	6,004,320	5,611,443	19,452,468	10,356,000	27,157,000	11,033,537	34,843,823
Capital expenditures - W/ Grant Funding	(6,560,738)	(5,931,973)	(19,208,603)	(10,567,000)	(28,286,000)	(11,347,369)	(37,764,795)
Capital expenditures - W/O Grant Funding	(5,034,054)	(2,269,262)	(1,726,652)	(3,010,000)	(2,000,000)	(2,000,000)	(3,000,000)
Debt principle payments	(924,673)	(728,349)	(735,000)	(796,000)	(765,000)	(765,000)	(795,000)
Non-Capital grant funding	-	4,094,829	4,041,516	2,712,000	3,062,000	3,100,606	71,000
Total Non-operating Revenue (Expense)	(5,308,859)	949,045	3,018,714	(446,000)	106,000	829,774	(5,742,972)
Net Change in Position (Budgetary Basis)	\$ (3,263,697)	\$ 1,865,997	\$ 4,719,678	\$ 1,107,000	\$ 1,106,000	\$ 1,906,224	\$ (4,542,972)

Actual/Projected Ending Cash Balance

Restricted Cash	\$ 1,996,733	\$ 2,132,592	2,332,033	\$ 2,581,131	\$ 3,074,670
Unrestricted Cash	10,041,100	12,875,765	13,987,900	14,333,449	9,296,938
Total Cash Balance	\$ 12,037,833	\$ 15,008,357	\$ 16,319,933	\$ 16,914,581	\$ 12,371,609

GJRAA
2023 BUDGET
Company Wide - Operating Revenue Summary

Account Name		2019 Actual	2020 Actual	2021 Actual	2019-2021 Avg	2022 Budget	2022 Forecast	2023 Budget	Variance to 19-21 Avg Actual		Variance to 2022 Budget		Variance to 2022 Forecast	
									\$	%	\$	%	\$	%
OPERATING REVENUE														
Aeronautical revenue														
Passenger airline revenue														
A	Passenger airline landing fees	632,143	466,624	638,817	624,600	558,000	506,000	630,000	5,400	0.9%	72,000	12.9%	124,000	24.5%
B	Terminal rent	1,183,776	1,240,942	1,177,019	1,230,500	1,215,000	1,180,000	1,397,000	166,500	13.5%	182,000	15.0%	217,000	18.4%
C	Other Passenger Airline Revenue	128,215	23,034	24,699	57,700	25,000	25,000	27,000	(30,700)	-53.2%	2,000	8.0%	2,000	8.0%
Total Passenger Airline Revenue		1,944,134	1,730,600	1,840,535	1,912,800	1,798,000	1,711,000	2,054,000	141,200	7.4%	256,000	14.2%	343,000	20.0%
Non-passenger airline revenue														
D	Non-passenger landing fees	102,453	224,966	155,642	161,000	100,000	108,000	115,000	(46,000)	-28.6%	241,000	241.0%	7,000	6.5%
E	Cargo and hangar rentals	53,466	54,504	55,228	54,400	55,000	57,000	59,000	4,600	8.5%	4,000	7.3%	2,000	3.5%
F	State fuel tax disbursement	210,629	162,808	214,606	196,000	203,000	384,000	210,000	14,000	7.1%	7,000	3.4%	(174,000)	-45.3%
G	Fuel flowage fee - capital	249,836	197,104	233,876	226,900	221,000	237,000	237,000	10,100	4.5%	16,000	7.2%	-	0.0%
G	Fuel flowage fee - operations	254,083	200,455	237,852	230,800	221,000	237,000	237,000	6,200	2.7%	16,000	7.2%	-	0.0%
H	Fuel sales - airside	37,563	25,868	27,481	30,300	34,000	31,000	30,000	(300)	-1.0%	(4,000)	-11.8%	(1,000)	-3.2%
I	Rapid refuel	8,340	3,390	7,860	6,500	6,000	7,000	8,000	1,500	23.1%	2,000	33.3%	1,000	14.3%
I	Airplane ramp parking	1,440	2,880	2,880	2,400	1,000	2,000	-	(2,400)	-100.0%	(1,000)	-100.0%	(2,000)	-100.0%
Total Non-passenger airline revenue		917,810	871,975	935,425	908,300	841,000	1,063,000	896,000	(12,300)	-1.4%	55,000	6.5%	(167,000)	-15.7%
Total Aeronautical revenue		2,861,944	2,602,575	2,775,960	2,821,100	2,639,000	2,774,000	2,950,000	128,900	4.6%	311,000	11.8%	176,000	6.3%
Non-aeronautical revenue														
J	Land and building leases	601,551	607,304	604,274	604,400	595,000	624,000	637,000	32,600	5.4%	42,000	7.1%	13,000	2.1%
K	Terminal - restaurant & retail	170,590	91,906	173,030	145,100	160,000	160,000	171,000	25,900	17.8%	11,000	6.9%	11,000	6.9%
L	Rent - office space	180,686	182,884	183,795	182,500	162,000	181,000	181,000	(1,500)	-0.8%	19,000	11.7%	-	0.0%
M	Total rental car revenue	1,306,055	898,477	1,528,350	1,244,300	1,376,000	1,375,000	1,529,000	284,700	22.9%	153,000	11.1%	154,000	11.2%
K	Parking and ground transportation	1,663,556	790,594	1,502,102	1,318,800	1,298,000	1,306,000	1,704,000	385,200	29.2%	406,000	31.3%	398,000	30.5%
N	Security fee	36,922	25,314	48,755	37,000	25,000	30,000	68,000	31,000	83.8%	43,000	172.0%	38,000	126.7%
O	Other (Advertising, Parking Tickets, etc)	42,608	24,590	31,922	33,700	13,000	13,000	25,000	(8,700)	-25.8%	12,000	92.3%	12,000	92.3%
Total Non-aeronautical revenue		4,001,968	2,621,069	4,072,228	3,565,800	3,629,000	3,689,000	4,315,000	749,200	21.0%	686,000	18.9%	626,000	17.0%
Total Operating revenues		\$ 6,863,912	\$ 5,223,644	\$ 6,848,188	\$ 6,386,900	\$ 6,268,000	\$ 6,463,000	\$ 7,265,000	\$ 878,100	13.7%	\$ 997,000	15.9%	\$ 802,000	12.4%

GJRAA
2023 BUDGET
Company Wide - Operating Expenses

Account Name	2019 Actual	2020 Actual	2021 Actual	2019-2021 Avg	2022 Budget	2022 Forecast	2023 Budget	Variance to 19-21		Variance to 2022		Variance to 2022	
								Avg Actual		Budget		Forecast	
								\$	%	\$	%	\$	%
P Salaries-Full Time	1,778,948	1,751,866	1,704,411	1,745,100	1,900,000	1,900,000	2,085,000	339,900	19.5%	185,000	9.7%	185,000	9.7%
P Medicare - 1.45% Er	38,274	13,055	24,382	25,200	28,000	28,000	34,000	8,800	34.9%	6,000	21.4%	6,000	21.4%
P Pera - 14.2% Er/Pension	230,617	232,039	227,898	230,200	271,000	274,550	305,000	74,800	32.5%	34,000	12.5%	30,450	11.1%
P 401(K) Er	43,940	46,227	48,246	46,100	65,000	57,000	65,000	18,900	41.0%	-	0.0%	8,000	14.0%
Q Health Insurance Er	253,517	272,585	270,692	265,600	335,000	315,000	392,000	126,400	47.6%	57,000	17.0%	77,000	24.4%
P Health & Wellness Benefit	3,128	2,062	2,696	2,600	5,000	5,000	4,000	1,400	53.8%	(1,000)	-20.0%	(1,000)	-20.0%
P Life Insurance Er	5,111	5,688	6,234	5,700	8,000	8,000	8,000	2,300	40.4%	-	0.0%	-	0.0%
P Suta Er	2,335	2,550	3,731	2,900	6,000	6,000	7,000	4,100	141.4%	1,000	16.7%	1,000	16.7%
P Worker Compensation	62,989	41,740	49,514	51,400	76,000	76,000	83,000	31,600	61.5%	7,000	9.2%	7,000	9.2%
Personnel compensation and benefits	2,418,859	2,367,812	2,337,804	2,374,800	2,694,000	2,669,550	2,983,000	608,200	25.6%	289,000	10.7%	313,450	11.7%
R Utilities-Gas	18,866	20,458	25,461	21,600	25,000	41,000	63,000	41,400	191.7%	38,000	152.0%	22,000	53.7%
R Utilities-Electric	211,448	222,147	246,832	226,800	242,000	279,000	307,000	80,200	35.4%	65,000	26.9%	28,000	10.0%
R Utilities-Water	18,752	12,387	18,995	16,700	20,000	20,000	20,000	3,300	19.8%	-	0.0%	-	0.0%
R Utilities-Trash	14,826	13,471	14,599	14,300	15,000	15,000	15,000	700	4.9%	-	0.0%	-	0.0%
R Utilities-Sewer	6,437	6,567	6,633	6,500	7,000	7,000	7,000	500	7.7%	-	0.0%	-	0.0%
R Cell Phones	16,475	16,286	17,182	16,600	19,000	19,000	19,000	2,400	14.5%	-	0.0%	-	0.0%
R Phone Service	17,402	17,272	17,963	17,500	21,000	21,000	21,000	3,500	20.0%	-	0.0%	-	0.0%
Communications and utilities	304,206	308,588	347,665	320,000	349,000	402,000	452,000	132,000	41.3%	103,000	29.5%	50,000	12.4%
S Employee Recognition	6,497	13,016	9,537	9,700	9,000	9,000	10,000	300	3.1%	1,000	11.1%	1,000	11.1%
S Uniforms	15,091	12,302	14,916	14,100	20,000	16,000	16,000	1,900	13.5%	(4,000)	-20.0%	-	0.0%
S Office Supplies	2,688	1,618	1,266	1,900	3,000	3,000	2,000	100	5.3%	(1,000)	-33.3%	(1,000)	-33.3%
T Materials & Supplies	89,053	95,962	89,280	91,400	93,000	93,000	95,000	3,600	3.9%	-	0.0%	2,000	2.2%
S COVID-19 Materials & Supplies	-	23,808	-	7,900	-	-	-	(7,900)	-100.0%	-	0.0%	-	0.0%
S Board Expense	3,888	3,013	2,732	3,200	6,000	6,000	5,000	1,800	56.3%	(4,000)	-66.7%	(1,000)	-16.7%
S Postage & Shipping	760	714	751	700	1,000	1,000	1,000	300	42.9%	-	0.0%	-	0.0%
U Tools & Equipment	134,959	73,430	79,003	95,800	100,000	100,000	95,000	(800)	-0.8%	(5,000)	-5.0%	(5,000)	-5.0%
V Glycol Disposal	15,520	12,800	17,120	15,100	20,000	20,000	20,000	4,900	32.5%	-	0.0%	-	0.0%
S Runway Deicing	-	17	6,350	2,100	-	-	-	(2,100)	-100.0%	-	0.0%	-	0.0%
S Snow Removal	8,933	2,470	5,329	5,600	7,000	7,000	20,000	14,400	257.1%	13,000	185.7%	13,000	185.7%
S Wildlife Control	3,284	2,328	2,833	2,800	3,000	3,000	3,000	200	7.1%	-	0.0%	-	0.0%
S Runway & Taxiway Lighting	11,103	12,833	6,457	10,100	10,000	10,000	10,000	(100)	-1.0%	-	0.0%	-	0.0%
S Firefighting Supplies	7,350	6,324	9,542	7,700	6,000	6,000	6,000	(1,700)	-22.1%	-	0.0%	-	0.0%
W Fuel - Diesel	30,939	21,660	21,988	24,900	28,000	31,000	31,000	6,100	24.5%	3,000	10.7%	-	0.0%
W Fuel - Unleaded	241,013	140,674	209,014	196,900	227,000	337,000	290,000	93,100	47.3%	63,000	27.8%	(47,000)	-13.9%
Oil & Lubricants	3,281	3,337	4,992	3,900	4,000	4,000	5,000	1,100	28.2%	1,000	25.0%	1,000	25.0%
Supplies and materials	574,359	426,306	481,110	493,800	537,000	646,000	609,000	115,200	23.3%	67,000	12.5%	(37,000)	-5.7%
S Personnel Services	2,953	2,627	1,206	2,300	6,000	6,000	3,000	700	30.4%	(3,000)	-50.0%	(3,000)	-50.0%
S ARFF Physicals	3,554	6,203	5,631	5,100	6,000	6,000	6,000	900	17.6%	-	0.0%	-	0.0%
X Professional Services - Other	90,036	42,041	54,929	62,300	34,000	34,000	34,000	(28,300)	-45.4%	-	0.0%	-	0.0%
Y Purchased Services	7,886	8,372	12,581	9,600	14,000	14,000	14,000	4,400	45.8%	-	0.0%	-	0.0%
Z Security Guard	233,948	205,231	222,562	220,600	267,000	250,000	250,000	29,400	13.3%	(17,000)	-6.4%	-	0.0%
AA Professional Services - Legal	50,447	91,658	81,828	74,600	120,000	120,000	120,000	45,400	60.9%	-	0.0%	-	0.0%
AB Professional Services - Acct	42,874	39,701	40,700	41,100	43,000	43,000	47,000	5,900	14.4%	4,000	9.3%	4,000	9.3%
AC Professional Services - It	105,682	132,739	122,354	120,300	129,000	129,000	185,000	64,700	53.8%	56,000	43.4%	56,000	43.4%
AD Professional Svcs - Eng & Plan	55,094	34,845	113,328	67,800	150,000	115,000	160,000	92,200	136.0%	10,000	6.7%	45,000	39.1%
Fingerprint Processing	11,112	18,000	13,500	14,200	20,000	20,000	15,000	800	5.6%	(5,000)	-25.0%	(5,000)	-25.0%
Contract services	603,586	581,417	668,619	617,900	789,000	737,000	834,000	216,100	35.0%	45,000	5.7%	97,000	13.2%
AE Repairs & Maintenance	418,405	191,081	730,581	446,700	187,000	210,000	450,000	3,300	0.7%	263,000	140.6%	240,000	114.3%
S Access System Maintenance	226	7,726	(3,372)	1,500	-	-	-	(1,500)	-100.0%	-	0.0%	-	0.0%
S Boarding Bridge Maintenance	12,840	14,644	49,268	25,600	24,000	24,000	25,000	(600)	-2.3%	1,000	4.2%	1,000	4.2%
AF Elevator & Escalators	24,066	4,142	43,030	23,700	37,000	42,000	50,000	26,300	111.0%	13,000	35.1%	8,000	19.0%
S Copier Service	5,140	8,825	7,541	7,200	11,000	11,000	9,000	1,800	25.0%	(2,000)	-18.2%	(2,000)	-18.2%
AG Pavement Maintenance	73,739	34,098	20,493	42,800	65,000	65,000	50,000	7,200	16.8%	(15,000)	-23.1%	(15,000)	-23.1%
S Tower Repairs & Maintenance	10,888	19,609	36,091	22,200	18,000	22,000	24,000	1,800	8.1%	6,000	33.3%	2,000	9.1%
S Landscaping	3,044	4,802	5,337	4,400	11,000	11,000	11,000	6,600	150.0%	-	0.0%	-	0.0%
SRE Repairs & Maintenance	19,715	42,092	16,457	26,100	25,000	25,000	25,000	(1,100)	-4.2%	-	0.0%	-	0.0%

GJRAA
2023 BUDGET
Company Wide - Operating Expenses

								Variance to 19-21		Variance to 2022		Variance to 2022	
Account Name	2019 Actual	2020 Actual	2021 Actual	2019-2021 Avg	2022 Budget	2022 Forecast	2023 Budget	Avg Actual \$ %		Budget \$ %		Forecast \$ %	
	Repairs & maintenance	568,063	327,019	905,426	600,200	378,000	410,000	644,000	43,800 7.3%	266,000 70.4%		234,000 57.1%	
AH	Insurance	108,989	122,503	133,707	121,700	140,000	140,000	151,000	29,300 24.1%	11,000 7.9%		11,000 7.9%	
	Insurance	108,989	122,503	133,707	121,700	140,000	140,000	151,000	29,300 24.1%	11,000 7.9%		11,000 7.9%	
AI	Education & Training	88,349	37,929	43,394	56,600	77,000	77,000	77,000	20,400 36.0%	- 0.0%		- 0.0%	
AI	Travel & Meetings	15,647	3,405	10,220	9,800	15,000	15,000	15,000	5,200 53.1%	- 0.0%		- 0.0%	
S	Professional Dues	15,769	17,803	15,968	16,500	18,000	18,000	18,000	1,500 9.1%	- 0.0%		- 0.0%	
S	Bank Service Charges			892	900	-	-	-					
S	Licenses & Fees	(11)	2,150	2,545	1,600	1,000	1,000	1,000	(600) -37.5%	- 0.0%		- 0.0%	
S	Publications	2,120	326	334	900	1,000	1,000	1,000	100 11.1%	- 0.0%		- 0.0%	
S	Meals	3,773	4,690	3,324	3,900	4,000	5,000	5,000	1,100 28.2%	1,000 25.0%		- 0.0%	
S	Personnel Recruiting			1,114	1,100	-	-	-					
AJ	Marketing	20,958	39,188	99,057	53,100	70,000	70,000	45,000	(8,100) -15.3%	(25,000) -35.7%		(25,000) -35.7%	
AJ	Marketing Incentives			24,862	24,900	-	-	25,000					
AK	Air Service Development	73,952	52,132	62,197	62,800	85,000	85,000	85,000	22,200 35.4%	- 0.0%		- 0.0%	
AL	Other	16,535	15,424	8,742	13,600	10,000	10,000	20,000	6,400 47.1%	10,000 100.0%		10,000 100.0%	
S	Contingency	3,596	-	-	1,200	100,000	100,000	100,000					
	Uncollectable Accounts			244	200	-	-	-	(200) -100.0%	- 0.0%		- 0.0%	
	Other	240,688	173,047	272,893	247,100	381,000	382,000	392,000	48,200 19.5%	(14,000) -3.7%		(15,000) -3.9%	
	Total Operating Expenses	4,818,750	4,306,692	5,147,224	4,775,500	5,268,000	5,386,550	6,065,000	1,192,800 25.0%	767,000 14.6%		653,450 12.1%	

GJRAA
2023 BUDGET
Company Wide - Non-Operating Activity

Account Name		2019 Actual	2020 Actual	2021 Actual	2019-2021 Avg	2022 Budget	2022 Forecast	2023 Budget	Variance to 19-21 Avg Actual		Variance to 2022 Budget		Variance to 2022 Forecast	
									\$	%	\$	%	\$	%
Non-operating revenue (expenses)														
AM	Passenger facility charges	1,019,592	614,796	1,048,647	894,345	1,004,000	936,000	954,000	59,655	6.7%	(50,000)	-5.0%	18,000	1.9%
AN	Interest income	225,138	67,958	33,131	108,742	38,000	33,000	33,000	(75,742)	-69.7%	(5,000)	-13.2%	-	-
AO	Interest expense	(810,176)	(789,021)	(576,577)	(725,258)	(740,000)	(740,000)	(709,000)	16,258	-2.2%	31,000	-4.2%	31,000	-4.2%
AP	Customer facility charges	741,145	278,624	689,784	569,851	636,000	579,000	624,000	54,149	9.5%	(12,000)	-1.9%	45,000	7.8%
	Federal Grant revenue - Capital	6,004,320	5,411,787	19,452,468	10,289,525	23,936,000	11,033,537	30,483,823	20,194,298	196.3%	6,547,823	27.4%	19,450,286	176.3%
	Non-Federal Grant Revenue	-	-	-	-	3,221,000	-	4,360,000	4,360,000	0.0%	1,139,000	35.4%	4,360,000	100.0%
AQ	Capital contributions	6,004,320	5,411,787	19,452,468	10,289,525	27,157,000	11,033,537	34,843,823	24,554,298	238.6%	7,686,823	28.3%	23,810,286	215.8%
	Capital expense - W/ Grant Funding	(6,560,738)	(5,931,973)	(19,208,603)	(10,567,105)	(28,286,000)	(11,347,369)	(37,764,795)	(27,197,690)	257.4%	(9,478,795)	33.5%	(26,417,426)	232.8%
	Capital expense - W/O Grant Funding	(5,034,054)	(2,269,262)	(1,726,652)	(3,009,989)	(2,000,000)	(2,000,000)	(3,000,000)	9,989	-0.3%	(1,000,000)	50.0%	(1,000,000)	50.0%
AR	Capital expenditures	(11,594,792)	(8,201,235)	(20,935,255)	(13,577,094)	(30,286,000)	(13,347,369)	(40,764,795)	(27,187,701)	200.2%	-	0.0%	(27,417,426)	205.4%
AO	Debt principle payments	(924,673)	(728,349)	(735,000)	(796,007)	(765,000)	(765,000)	(795,000)	1,007	-0.1%	(9,508,795)	1243.0%	(30,000)	3.9%
AS	Federal Grant revenue - Non-Capital		4,294,485	4,040,791	4,167,638	3,062,000	3,100,606	71,000	(4,096,638)	-98.3%	(2,991,000)	-97.7%	(3,029,606)	-97.7%
	Other - Gain/(loss)	-	(549,146)	725	(182,807)	-	-	-	182,807	-100%	-	100%	-	-
Total Non-operating revenue (expenses)		(5,339,446)	399,899	3,018,714	748,935	106,000	829,774	(5,742,972)	(6,491,907)	-867%	(5,848,972)	-5518%	(6,572,746)	-792%

GJRAA
2023 BUDGET
Capital Expenses with Grant Funding

GRANT FUNDED AIRFIELD PROJECTS	Project Cost	Total FAA Funding		Colorado		Local - GJRAA Cost		Prior Years	2021	2022	2023
	Estimate			Discretionary							
AIP 66 - Rehabilitate West Commercial Apron and Temp Runup Pad	12,921,483	12,921,483	100%	-	0%	-	0%	540,940	12,380,543	-	-
AIP 67 - Twy A & 11/29 Rehab Construction	5,666,666	5,666,666	100%	-	0%	-	0%	-	5,388,989	277,677	-
AIP 68 - Grading & Drainage Design	1,368,391	1,368,391	100%	-	0%	-	0%	194,479	1,173,912	-	-
Rehabilitate Runway 4/22 - Design	393,113	-	0%	300,000	76%	93,113	24%	-	393,113	-	-
AIP 69 - Airport Development Plan	1,039,904	1,039,904	100%	-	0%	-	0%	-	256,069	783,835	-
AIP 72 - Grading & Drainage Construction - Sch 1 - 3	15,781,663	15,754,327	100%	-	0%	27,336	0%	-	9,452	5,641,663	10,130,548
AIP 75 - Sch 4-7 Grading and Drainage Design Only Grant	1,590,959	1,592,222	100%	-	0%	-	0%	-	-	1,590,959	-
AIP 76 - Grading & Drainage Sch 4 Sitework	9,067,129	8,160,416	90%	-	0%	906,713	10%	-	-	2,267,129	6,800,000
AIP 77 - NAVAIDS & Utilities	2,620,353	2,358,318	90%	-	0%	262,035	10%	-	-	786,106	1,834,247
AIP TBD - Grading & Drainage Sch 5 Sitework	6,000,000	5,400,000	90%	250,000	4%	350,000	6%				2,500,000
Rehabilitate Runway 4/22 - Construction	5,000,000	-	0%	4,000,000	80%	1,000,000	20%	-	-	-	5,000,000
Terminal Project- BIL	5,000,000	4,500,000	90%	110,000	2%	390,000	8%				5,000,000
AIP TBD - Schedule 6-7 Earthwork Runway 12/30- Construction	13,333,333	12,000,000	90%	-	0%	1,333,333	10%	-	-	-	4,000,000
AIP TBD - Utilities & Sitework for Runway 12/30	4,000,000	3,600,000	90%	-	0%	400,000	10%	-	-	-	2,500,000
	\$ 83,782,994	\$ 74,361,727	89%	\$ 4,660,000	6%	\$ 4,762,530	6%	\$ 735,418	\$ 19,602,079	\$ 11,347,369	\$ 37,764,795
Funding Source											
Federal portion								\$ 735,418	\$ 19,208,949	\$ 11,033,537	\$ 30,483,823
State portion								-	300,000	-	4,360,000
GJRAA Portion								-	93,129	313,832	2,920,972
								\$ 735,418	\$ 19,602,079	\$ 11,347,369	\$ 37,764,795

Activity Assumptions

- **2023 Commercial Passenger Landings:** Commercial landings and airline seat capacity are estimated based on assumed average daily flight schedule by route, by carrier, and by aircraft type flown. The number of daily flights are assumed to grow throughout the peak Q2-Q3 season, then retreat back slightly in the fourth quarter. Reflecting current trends, average aircraft size is expected to be larger than in 2019 on American and United, with more seat capacity and higher landed weight. These estimates are very conservative and assume no new air service, only expansion of current routes. Based on these assumptions, we estimate the following average flight schedule, seat capacity, and commercial landed weight for 2023:

Average Scheduled flights/day by Route		
	2023	2019
United - Denver	4.8	4.6
American - Dallas	3.0	2.8
American - Phoenix	2.4	2.4
Delta - Salt Lake City	-	3.0
Allegiant - All routes	0.5	0.6
	10.7	13.4
Estimated 2023 Seat Capacity	297,528	
2019 Actual Seat Capacity for the same carriers	330,626	
2023 Capacity as a % of 2019	90.0%	
Estimated 2023 Commercial Landed Weight in pounds	294,668,704	
2019 Actual Commercial Landed Weight in pounds	312,091,717	
2023 Commercial Landed Weight as a % of 2019	94.4%	

- **2023 Passenger Enplanements:** Enplanements are estimated based on capacity and load factors. Load factors are assumed to remain healthy but decline versus 2022 as more flights are added. Based on these assumptions, we estimate the following passenger enplanements and load factors for 2023 compared to 2019:

	Q1 Enpl	Q2 Enpl	Q3 Enpl	Q4 Enpl	Total 2023 Enpl
2023	52,417	63,153	63,775	55,487	234,832
2019	57,863	69,451	69,573	71,173	268,060
2023 % of 2019	91%	91%	92%	78%	88%
2023 Estimated Avg Load Factor	72%	78%	77%	77%	79%
2019 Load Factor	83%	81%	81%	79%	81%

2023 Budget Variance Explanations & Detailed Assumptions

Operating Revenues

Aeronautical Revenues

- A **Passenger airline landing fees** are calculated as estimated commercial aircraft landed weight times the landing fee. 2023 commercial landed weight is projected to be higher than 2022, but 5.6% below 2019 levels. GJRAA is proposing to increase the landing fee in 2023 by 15%. Based on these assumptions, the 2023 budget reflects an increase in passenger airline landing fee revenue compared to 2022.
- B **Airline Terminal rent** is comprised of Preferential space leased by the airlines (ticket counters, office space, and baggage handling garage space) and joint-use space (ticket queuing, security, and boarding area). Preferential space leased by the airlines is paid based on a per square foot rate, while joint-use space rent is allocated to the airlines based on the number of passengers each month. Joint-use space comprises approximately 81% of the passenger airline leased space in the terminal (\$1,127,000) and the currently rented airline preferred space makes up the other 19% (\$269,000). Terminal rent for 2023 assumes no change in the amount of airline preferred space, an increase of about 1,000 square feet of checkpoint space, and an increase of 15% in the rate per square foot.
- C **Other passenger airline revenue** is from boarding bridge fees charged each time an airline utilizes a boarding bridge to unload and load a plane ("turn"). For 2023, the number of boarding bridge turns was estimated based on the average number of flights per day by route and by carrier that use the bridge. The 2023 per turn rate will remain the same as the 2022 rate at \$10.00/turn.

- D Non-passenger landing fees represent landing fees charged for cargo activities and firefighting operations and are based on the landed weight of the aircraft times the stated landing fee. FedEx is the primary cargo carrier at the airport and has maintained a fairly consistent schedule over the past four years. The 2023 landed weight budget assumes that Fed Ex will fly the same schedule as 2021 and does not include any projected landed weight from firefighting activities since this is unpredictable and fluctuates each year. GJRAA is proposing to increase the landing fee by 15% in 2023.
- E Cargo and hangar rental revenue is based on a fixed rate stated in the lease and is subject to an annual increase on April 1 each year based on the consumer price index (CPI).
- F State fuel tax revenue represents taxes collected on jet fuel and avgas sales at the airport that are collected by the state and then remitted back to the airport. These revenues vary based on the price of fuel. Given the historically high fuel prices in 2022, the 2023 budget for state fuel tax was conservatively set to 2019 actuals.
- G Fuel flowage fees are a per gallon charge collected by West Star from all aircraft fueling at the airport except commercial passenger and cargo; this revenue is then remitted to the airport. The 2023 budget assumes that fuel flowage revenues will be flat to the 2022 forecast.
- H Airside fuel sales revenue is revenue generated by the airport from selling diesel and unleaded fuel to the airlines for their ground support equipment. The 2023 budget assumes revenue to be the average of 2020 and 2021 actuals.
- I Rapid refuel charges for military refueling activity is assumed to remain consistent with the historical average revenues. Ramp parking was determined to no longer be a relevant charge given that the airport no longer has aircraft tie-downs.

Non-Aeronautical Revenues

- J Land and building lease revenue is based on the existing general aviation (GA) leases. The majority of the leases are subject to a CPI increase on April 1 of even years. For 2023, GJRAA assumed no CPI increase to current rates with no change in the amount of space rented. The increase from forecast is because the CPI increases did not go into effect until April of 2022 while the new rates are effective for all of 2023.
- K Non-aeronautical revenues are mainly comprised of restaurant and retail, parking, and ground transportation. They vary with passenger traffic and were estimated based on a revenue per enplanement rate times the estimated number of passengers. Historical and current revenue per passenger rates were used to inform the rates for 2023. This reflects the parking rate changes the GJRAA Board approved on September 20. Per enplanement rates are listed below:

	2023 Budget	Jan - Aug 2022	2021	2020	2019
Restaurant/Retail	\$ 0.73	\$ 0.73	\$ 0.66	\$ 0.63	\$ 0.61
Rental Car Gross Revenue	\$ 5.00	\$ 5.71	\$ 4.98	\$ 4.99	\$ 3.92
Parking	\$ 7.22	\$ 6.06	\$ 5.52	\$ 5.20	\$ 5.93
Ground transportation	\$ 0.24	\$ 0.24	\$ 0.21	\$ 0.22	\$ 0.27

- L Terminal office space rent is from office space leased to the TSA and reflects the contract terms.
- M Rental car revenue consists of fixed fees from office and service area rent, variable revenues from the contractual percentage of gross revenue, and fuel sales to rental car companies. For the 2023 budget, GJRAA increased the office rent rate per square foot by 15%, the same increase as the airlines, but assumed a 2.0% CPI increase for the service area rent rate according to the lease terms. Rental car fuel sales are budgeted at 88% of 2019 levels in accordance with estimated activity levels with an adjustment to increase GJRAA's per gallon mark-up from \$.25 to \$.50. The variable revenue from rental car activity was estimated based on a revenue per passenger rate noted above.
- N Security fees represent the amounts charged to issue and renew badges at the airport for employees, tenants, GA members, and contractors. The 2023 budget reflects the number of badges due for renewals and proposed rate increases for badges to cover additional airport costs due to TSA regulatory changes.
- O Other revenue primarily includes revenues from vending machines, advertising, and parking tickets. The 2023 budget reflects conservative assumptions for in-terminal advertising revenue under the new program launched in 2022.

Operating Expenses

- P The budget for salaries and related benefit expenses is based on 32 full-time employees and 2 part-time internship positions. The 2023 budget converts a part-time, unfilled office administrator position to a full-time position and adds an extra intern. CDOT helps cover the cost of up to two airport interns, and staff intend to onboard two new interns in 2023. The budget includes an increase of 7% to the existing salary budget.
- Q Health insurance is based on the current plan enrollment and rates, with an additional contingency budgeted for vacant positions plus an additional 8% increase in premiums.
- R The Utilities budget is based on the 2022 forecast and incorporates anticipated rate increases and an uptick in usage due to planned CIP projects.
- S The budget was based on the historical average spending.
- T Materials and supplies are budgeted at 2022 forecast levels plus anticipated cost increases. GJRAA is purchasing more items in bulk to help counter the increasing costs of goods.
- U Tools and equipment budget for 2023 is held flat with spending from prior years. Tools and equipment purchases include investments in equipment purchases below our capitalization policy of \$5,000.
- V Glycol disposal reflects historical average and anticipated disposal prices for 2023 based on quotes.
- W Fuel expenses are driven by activity levels at the airport as the majority of the diesel and unleaded fuel purchased by the airport is sold to the airlines and rental car tenants. 2023 budget assumes that fuel prices will stabilize but still be higher than the historical average.
- X Professional services - other represents the cost for our annual Moody's bond rating, ongoing structural monitoring of the terminal building, and ad-hoc small contractor costs.
- Y Purchased services represents budgeted costs for outsourced services and annual service subscriptions including: cable TV, terminal music, plant care, window cleaning, and carpet cleaning.
- Z Security guard costs budgeted for 2023 reflect the estimated security hours in 2023 at the contractual rate. In June 2020, GJRAA received an award from TSA to reimburse a portion of security costs. The security guard expense budget reflects the full cost expected in 2023, however, grant revenues of \$71,000 are anticipated, making the net security cost to GJRAA approximately \$179,000.
- AA Legal costs budgeted for 2023 are the same as the 2022 budget and forecast. This budget allows for work to continue on improving and expanding governance documents, routine legal support, and contingency for legal expenses should an issue or opportunity requiring significant legal support pop up.
- AB Audit Services costs accelerated slightly due to the increased costs associated with the airport receiving unplanned large pandemic relief and BIL grants, increasing the scope and testing requirements versus what was originally contracted.
- AC IT professional services reflects a 5% cost increase in base services with additional cyber security support.
- AD Engineering and planning professional services reflects an increase from forecasted 2022 spending for cost increases as well as additional planning costs associated with implementation of projects in the Airport Development Plan (ADP). ADP costs were AIP grant funded.
- AE The 2023 budget reflects a change in budget methodology compared to 2022 to align regular ongoing maintenance costs with where they land in final financials. The repairs and maintenance expenses in 2019-2021 included costs that were originally budgeted as part of the larger capital improvement projects in the terminal, but were not capitalized as assets according to the capitalization policy and were ultimately reclassified to repairs and maintenance (i.e. painting, bathroom fixture upgrades, miracle method, etc.).
- AF Elevator and escalator maintenance costs are based on 2022 actuals and contracted cost increases.
- AG Pavement Maintenance expenses are expected to go down in 2023 as the most distressed areas are addressed as part of the large pavement rehabilitation capital project in 2023.
- AH Insurance expense is budgeted to increase in 2023 based on the increases in the 2022-2023 policy renewal and the anticipated investment in additional assets.
- AI Education & training and travel and meetings expense is held flat with prior budget to support GJRAA's goals of improving employee engagement and training.
- AJ The marketing budget was reduced to account for the reduction in marketing expenses from the airport as the Air Service Alliance invests in marketing on behalf of and in collaboration with GJT.
- AK The air service development budget was held flat to 2022 budget given the heightened focus on this activity. This budget includes anticipated costs for data, research, reporting, and travel.

AL The other expense category is used to budget expenses for events that are not annually recurring. 2023 includes the air show and full-scale triennial emergency event.

Non-Operating Activity

AM Passenger facility charge (PFC) revenue was budgeted based on the historical revenue per enplanement times the projected enplanements for the year. The PFC rate is legislated and GJRAA charges the maximum allowed rate of \$4.50.

AN Interest income is based on average monthly income in 2022. We assume 2023 will see rising interest rates, offset by an expected reduction in cash.

AO Interest expense and debt principle payments are based on scheduled debt repayments.

AP Customer facility charge (CFC) revenue was budgeted based on estimated rental car rental days times the current rate of \$4/day.

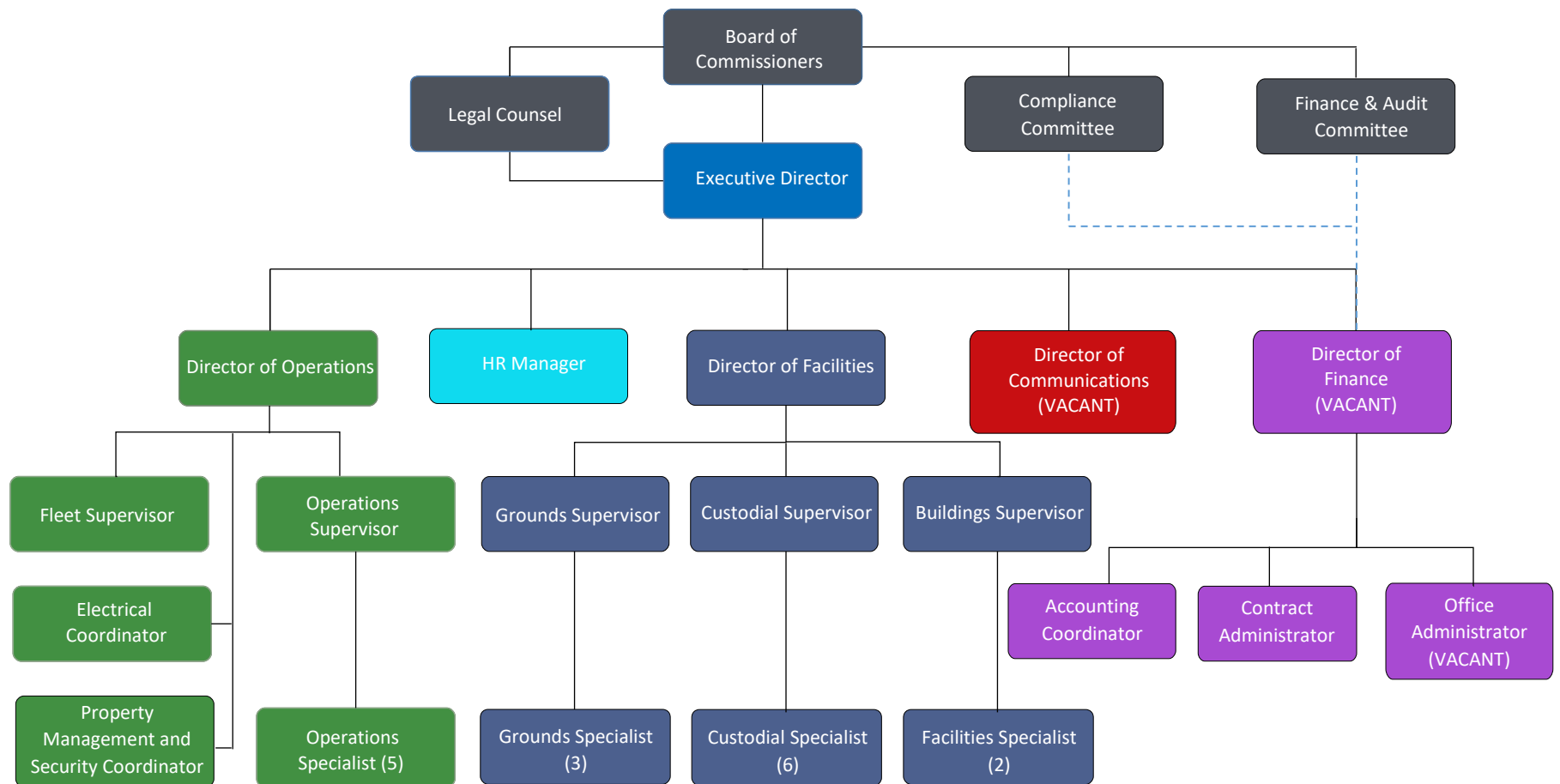
AQ Capital contributions were estimated based on expected annual funding from the FAA for AIP projects. AIP grants anticipated in 2023 according to the airport CIP plan assume the FAA will fund 90% of the project cost. Refer to the AIP Project schedule for a more detailed list of anticipated projects and spending in 2023.

AR Capital expenditures includes \$27.7M in AIP projects, \$5M in Bipartisan Infrastructure terminal projects, \$5M for runway 4/22 rehabilitation, and approximately \$3M in GJRAA funded projects. Normally, AIP projects are funded 90% by the FAA and the airport is responsible for the other 10%. CDOT typically grants \$250,000 per year toward an AIP project to help the airport fund their match. AIP 72 was issued in 2021 when the local match was waived. The 4/22 rehabilitation project is not an AIP-funded project, but a CDOT-funded project - anticipated CDOT grant funding is expected to cover approximately 80% of the project and the airport will fund the remainder.

AS Relief Grants will be entirely drawn down with 2022 expenses. We get \$50-\$70K from the law enforcement officer reimbursement from TSA grant each year that is also in this account.

Other assumptions

Cash balances assume consistent receivable and payable balances year-over-year.



*Plus 2 intern positions