

AGENDA ITEM SUMMARY

City Council



STAFF

John S. Kinney, Airport Director

SUBJECT

First Reading of Ordinance No. 113, 2025, Approving a Collateral Assignment of a Lease at the Northern Colorado Regional Airport.

EXECUTIVE SUMMARY

The purpose of this item is to request Council approval of a Collateral Assignment of Lease (“Assignment”) involving CO Fire Aviation Leasing, Inc., the cities of Loveland and Fort Collins (the “Cities”), and FMS Bank. The Assignment allows CO Fire Aviation Leasing, Inc. (the “Sublessee”) to assign its leasehold interest as security for a \$920,000 loan from FMS Bank (the “Lender”).

The underlying ground lease permits such assignments with the consent of the Cities. The Assignment, attached to proposed Ordinance No. 113, 2025, will serve as the Cities’ acknowledgement of the assignment and provide the Lender rights to receive notice of any Sublessee default, to cure such defaults, and request a new lease of the Sublease is terminated.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Northern Colorado Regional Airport (the “Airport”) is jointly owned and operated by the Cities of Loveland and Fort Collins. CO Fire Aviation Leasing, Inc. has a leasehold interest in a hangar facility located at 5263 Stearman Street through its sublease (the “Sublease”) of a ground lease between the Cities and Gamebird Flyers Condominium Association, dated November 10, 2022 (the “Lease”). The Cities’ written consent is required under Article 13 of the Lease; this requirement is expressly incorporated in the Sublease, which requires the Sublessee to comply with all terms of the Lease, including any assignment of its interests.

The Sublessee is seeking financing through the Lender, which has requested a Collateral Assignment of Lease as a condition of the loan agreement.

The Assignment ensures the Lender:

- will receive notice of Sublessee’s default;
- has an opportunity to cure defaults on behalf of the Sublessee; and
- may request a new lease if the existing Sublease is terminated due to default.

The Assignment expressly provides that it does not subordinate the Cities' ownership of the leased property to the Lender's interest. This term preserves the Cities' primary rights in the property.

CITY FINANCIAL IMPACTS

There are no material financial impacts to the City.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

This agreement is consistent with standard airport leasing practices and is supported by the Airport's adopted Master Plan and Strategic Plan, which involved significant public input and City Council adoption.

ATTACHMENTS

1. Partial Sublease of Hangar Ground Lease dated January 1, 2024
2. Ordinance No. 113, 2025