

ORDINANCE NO. 149, 2024  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
APPROVING AN AMENDED AND RESTATED GROUND LEASE  
AGREEMENT BETWEEN THE CITIES OF LOVELAND AND  
FORT COLLINS AND DISCOVERY AIR, LLC, FOR PROPERTY  
AT THE NORTHERN COLORADO REGIONAL AIRPORT

A. The Cities of Loveland and Fort Collins (collectively the “Cities,” and “Loveland” or “Fort Collins” respectively) jointly own and operate the public airport known as the Northern Colorado Regional Airport (the “Airport”).

B. On January 22, 2015, the Cities entered into an Amended and Restated Intergovernmental Agreement for the Joint Operation of the Airport (the “IGA”), whereby the Cities formed a commission and delegated certain duties and responsibilities to such commission (the “Commission”).

C. By adoption of Ordinance No. 148, 2018, the Fort Collins City Council approved a fifty year ground lease of Airport property (the “Lease”) to Discovery Air, LLC (“Lessee”) for a planned development for aviation purposes to include airplane hangars, a fixed-base operation, associated office space, and a restaurant, as well as other potential improvements such as a new access road which would create a new entrance to the Airport and expanded tarmac (the “Project”).

D. By adoption of Ordinance No. 163, 2020, the Fort Collins City Council approved a first amendment to the Lease to update the site plan and amend the rent structure to more accurately correspond for planned development of the site.

E. In 2023, Lessee approached the Cities about further amendments to the ground lease, including a request for one additional development phase with the potential for a sixth phase.

F. Airport staff and Lessee have discussed and negotiated an amended rent structure to correspond with five and possibly six phases and payment of phased lease rates, as more fully set forth in the Amended and Restated Ground Lease between the cities of Fort Collins and Loveland and Discovery Air at the Northern Colorado Regional Airport (the “Agreement”) as shown on Exhibit “A,” attached hereto and incorporated herein by this reference.

G. The Agreement reduces the total area within the leasehold, sets the boundaries of the leasehold to provide a similar level of developable land and provides additional time for construction at a reduced rental rate before a phased rental rate escalation takes effect as part of relief of COVID related delays.

H. The Lessee is no longer expected to construct a public taxiway on its leasehold and the Agreement updates the site plan to conform to the parties’ expectations

for the site development as shown on Exhibit “B” to the Agreement, which is attached hereto and incorporated herein by reference.

I. The Agreement also amends the phased rent structure.

J. The Agreement also gives the Lessee the option to construct and use a temporary fuel farm on their leasehold rather than granting the Lessee permanent access to a permanent fuel farm on Airport property.

K. The Lessee is current on all rent payments and other obligations under the Lease.

L. On September 19, 2024, the Commission reviewed and unanimously recommended approval of the Agreement to the Cities at its regular meeting.

M. On October 1, 2024, the Loveland City Council considered and unanimously passed a resolution approving the Agreement.

N. Fort Collins City Code Section 23-113 provides that City Council may approve leases of real property owned in the name of the City for a term in excess of twenty years by ordinance where Council finds that the lease is in the best interests of the City.

O. The City Council finds that the Agreement is in the best interests of the City because it may be a catalyst to attract additional Airport development and businesses, enhance the Airport's economic impact and job creation, and have an additional positive impact to the Airport's self-generated income and future financial sustainability.

P. The City Council desires to approve the Agreement and to authorize the City Manager to execute the Agreement on behalf of the City of Fort Collins.

In light of the foregoing recitals, which the Council hereby makes and adopts as determinations and findings, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. The Amended and Restated Ground Lease Agreement Between the Cities of Loveland and Fort Collins is hereby approved.

Section 2. The City Manager is hereby authorized and directed, following consultation with the City Attorney, to execute the Amended and Restated Ground Lease Agreement Between the Cities of Loveland and Fort Collins in substantially similar form to Exhibit “A” subject to modifications as deemed necessary to protect the interests of the City of Fort Collins or to effectuate the purposes of this Ordinance.

Introduced, considered favorably on first reading on October 15, 2024, and approved on second reading for final passage on November 4, 2024.

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Mayor

ATTEST:

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City Clerk

Effective Date: November 14, 2024  
Approving Attorney: Jenny Lopez Filkins