



REAL ESTATE DEVELOPMENT OVERVIEW & CONTRACT AMENDMENT TO AARAVYA INVESTMENTS LLC LEASE

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DENVER INTERNATIONAL AIRPORT

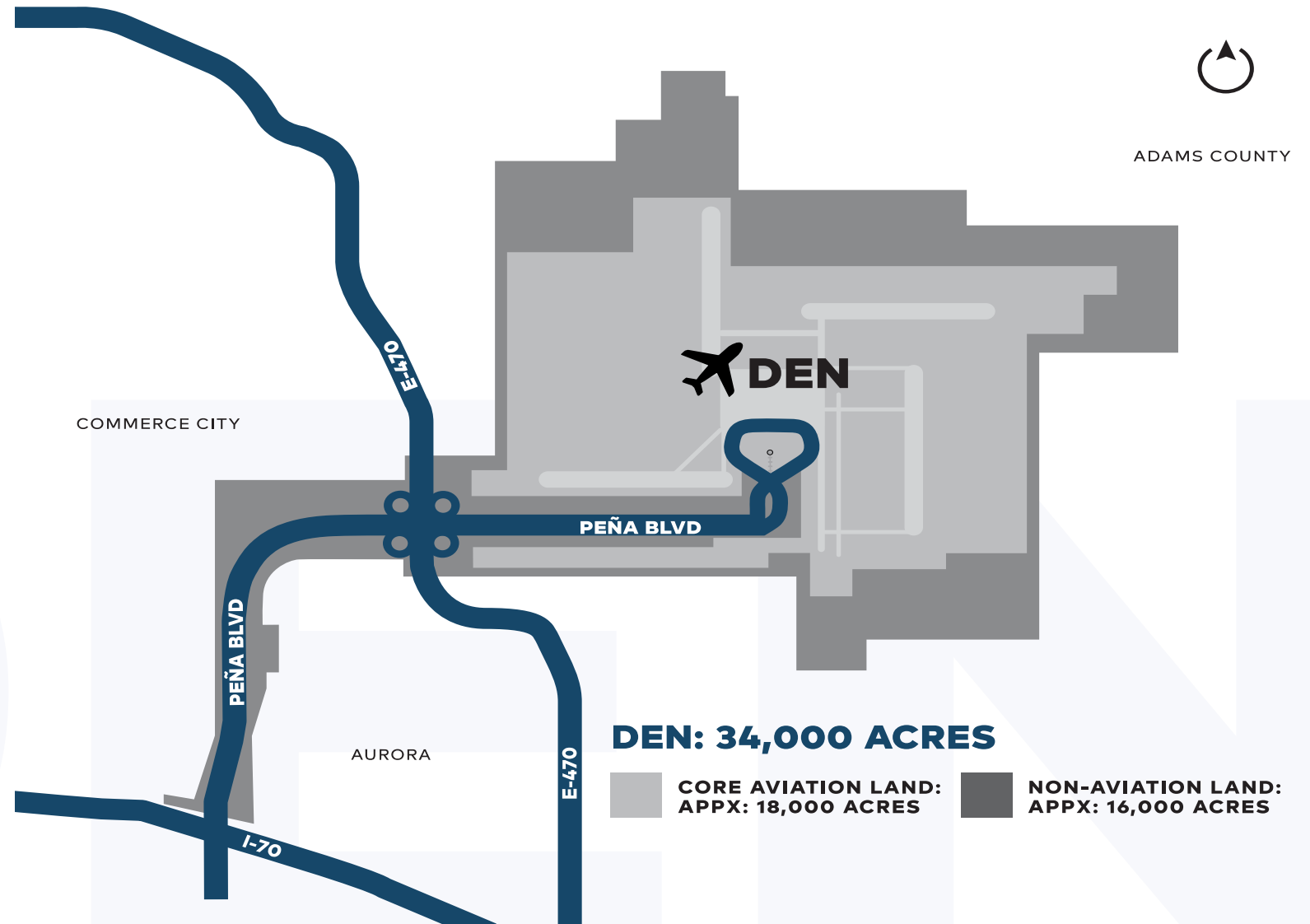
KEN COPE, SENIOR VICE PRESIDENT, REAL ESTATE DEVELOPMENT

DEN REAL ESTATE OVERVIEW

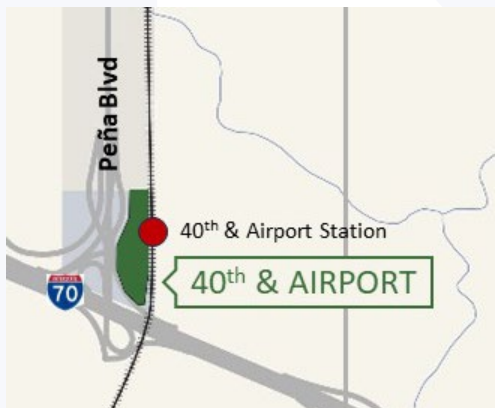
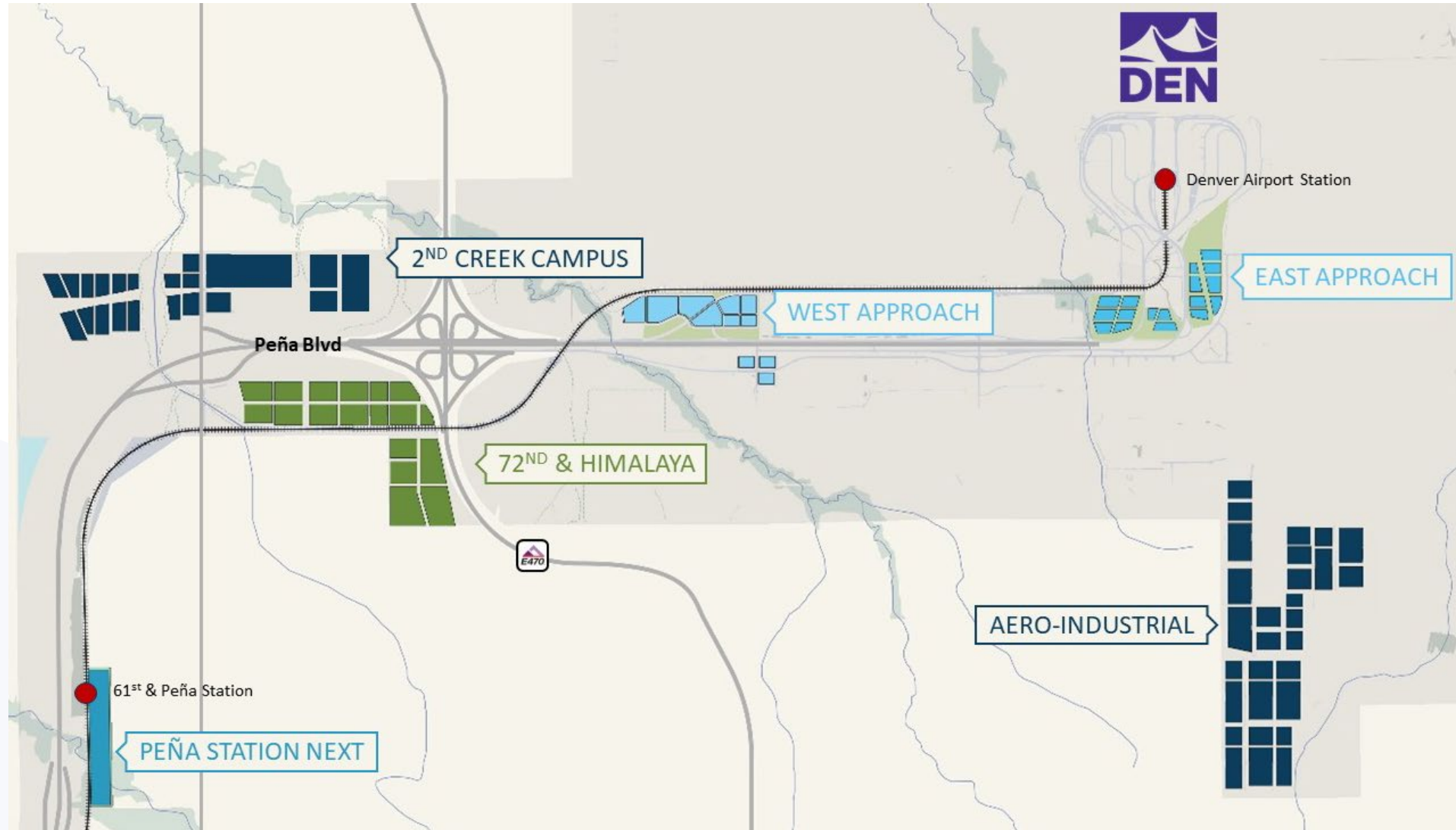


- DEN's 53 square miles of land (~34,000 acres) makes it the largest airport in North America and second largest in the world.
- Even after expansion of airport operations to full buildout, an additional 16,000+ acres of non-aviation land remains available for compatible commercial development.
- Land is located within multiple jurisdictions (CCD, Adams County, Aurora)
- Land uses are governed by Federal Aviation Administration (FAA) guidelines and the 1988/2016 Intergovernmental Agreements as amended.
 - No residential uses
 - Restrictions on hotel quantities and anti-compete with Anschutz Campus
 - FAA rules against diversion of revenues
 - Generally, must lease land as opposed to selling
- DEN Real Estate's purpose is: *"Cultivating impactful places at DEN that maximize public value."*

COMMERCIAL DEVELOPMENT



COMMERCIAL DEVELOPMENT



DISTRICT OVERVIEW



40th & AIRPORT STATION

PENA STATION NEXT

SECOND CREEK

72ND & HIMALAYA

WEST APPROACH

EAST APPROACH (LOCATION OF FUTURE CONRAC)

AARAVYA LEASE AREA

AEROINDUSTRIAL DISTRICT



ROLLING RFO PROCESS FLOWCHART



DEN RELEASES ROLLING RFO

There is no submission deadline. Although DEN can close the RFO at any time, DEN Real Estate anticipates keeping the opportunity open for multiple years to allow interested parties an opportunity to present ideas for commercial development at DEN

OFFER SUBMITTAL

Submitted offer is screened for responsiveness by DEN Contract Administrator before being passed on to DEN's commercial broker to be evaluated for market viability. If these two conditions are met, DEN Legal confirms the offer conforms with FAA regulations and complies with the New Airport IGA before passing it on to the DEN Real Estate Screening Committee

DEN REAL ESTATE SCREENING COMMITTEE

The SVP of Real Estate presents the offer to a diverse group of 3-5 standing members familiar w DEN real estate. The Committee makes a decision to either reject the offer or engage with the offeror to further discuss the proposed program and lease terms. If offer is rejected, offeror will receive a rejection letter. If the offer moves forward, offeror will be invited to discuss the opportunity with DEN Real Estate and to identify terms for an LOI

LOI DRAFTING

The opportunity is further defined and site conditions are verified to be suitable for the proposed development. Business terms are outlined and include applicable City social ordinance requirements.

LOI EXECUTION

The LOI is submitted to DEN leadership for approval and signature by the CEO. Minority/Women Business Enterprise (MWBE) utilization goals and Equality Diversity and Inclusion (EDI) plan requirements described by the Division of Small Business Opportunity (DSBO) are included as attachment to LOI. Upon signature of the LOI, DEN Real Estate, and offeror have 10 days to schedule a meeting with DSBO to begin setting MWBE goals and developing EDI plan.

FINAL LEASE NEGOTIATION, COMMUNITY OUTREACH

Agreement is reached on business terms, lease boundary and social ordinance requirements (including ACDBE if applicable). DEN Government Affairs updates Registered Neighborhood Organizations and Council Member Town Hall on proposed development sites. Proposer finalizes EDIA plan with DSBO.

LEASE EXECUTION

DEN and offeror sign the lease contract. DEN brings contract to Denver City Council for consideration. Contract executed if approved.

- Applicable Zoning Sections: 9.5.2 DENVER INTERNATIONAL AIRPORT ZONE DISTRICT (DIA)
 - 9.5.2.1 Building Forms – *The Denver Manager of Aviation shall determine all applicable building form standards in the DIA zone district.*
 - 9.5.2.2 Design Standards
 - A. Signage – *Design and development standards governing signage in the DIA zone district shall be determined by the Denver Manager of Aviation, except that in the Peña Station Next Design Overlay District, Section 9.4.5.10 and Division 10.10 Signs shall apply*
 - B. All Other Design Standards – *All other design and development standards governing uses and structures in the DIA zone district, including but not limited to landscaping and parking, shall be determined by the Denver Manager of Aviation*
- Given the unique zoning, DEN has created a thoughtful development review process

DISTRICT DESIGN STANDARDS



DEVELOPMENT REVIEW



CPD Concept Review

- Project is subject to CCD Community Planning And Development (CPD) for Concept Review if it is adjacent to City ROW or roads maintained by DOTI, if it is west of E470, or if it is part of Peña Station Next
- In coordination with DEN project manager, applicant submits concept plans to CPD Development Project division via ePermit for feedback as relevant to community planning, roadways, wastewater or parks and open space

DEN Site Plan Review

- DEN RE Project Manager submits plans and architectural elevations for review by DEN Design Review Committee
- DEN RE Project Manager schedules preliminary review by DEN liaisons for Denver Fire Department and CPD building safety
- DEN RE Project Manager submits landscape plans to USDA for review

DEN Engineering Review

- DEN RE Project manager schedules review of civil plans and supporting documents with Design, Engineering and Construction (DEC).
- Documents may include: geotech, TIS, utility master plan, drainage, erosion control, infrastructure operations, environmental
- QA/QC as required by DEN for review through project, such as: testing frequency schedule, inspection reports and construction submittals
- Denver Water – internal review by DEN before applicant submits plans to Denver Water for review

FAA Review

- Applicant sends FAA Form 7460-1 process (Notice of Proposed Construction or Alteration), of any structure or temporary construction equipment (e.g., cranes) that penetrate Part 77 to DEN Planning for review
- DEN Planning submits plans to FAA on behalf of applicant
- Note: FAA advisory circular 18B also required submittal of as-built record drawings at project conclusion

LOA and Permit Submittal

- DEN Permit Manager confirms DEN approvals and transmits draft Letter of Authorization Process (LOA) to Denver Community Planning and Development
- SSPR and SUDP applications can be submitted after coordination and review with DEN.
- Applicant uploads plans via ePermit with signed LOA and construction cost estimate attached

AARAVYA LEASE AMENDMENT OVERVIEW



REQUESTED COUNCIL ACTION



- DEN is seeking City Council approval to amend a lease agreement:
PLANE-202161181, Aaravya Investments LLC by
 - Increasing lease area from 3 acres to ~5.5 acres
 - Increasing 20-year base rent revenue by \$5,324,456, from \$6,413,864 to \$11,738,321
 - Expanded lease area provides:
 - Secure lot for parking vehicles rented through car-sharing platforms that are approved to operate at DEN
 - Car wash operation and enhanced circulation
 - Construction of new cell phone waiting lot (not part of leasehold)

LEASE SITE LOCATION

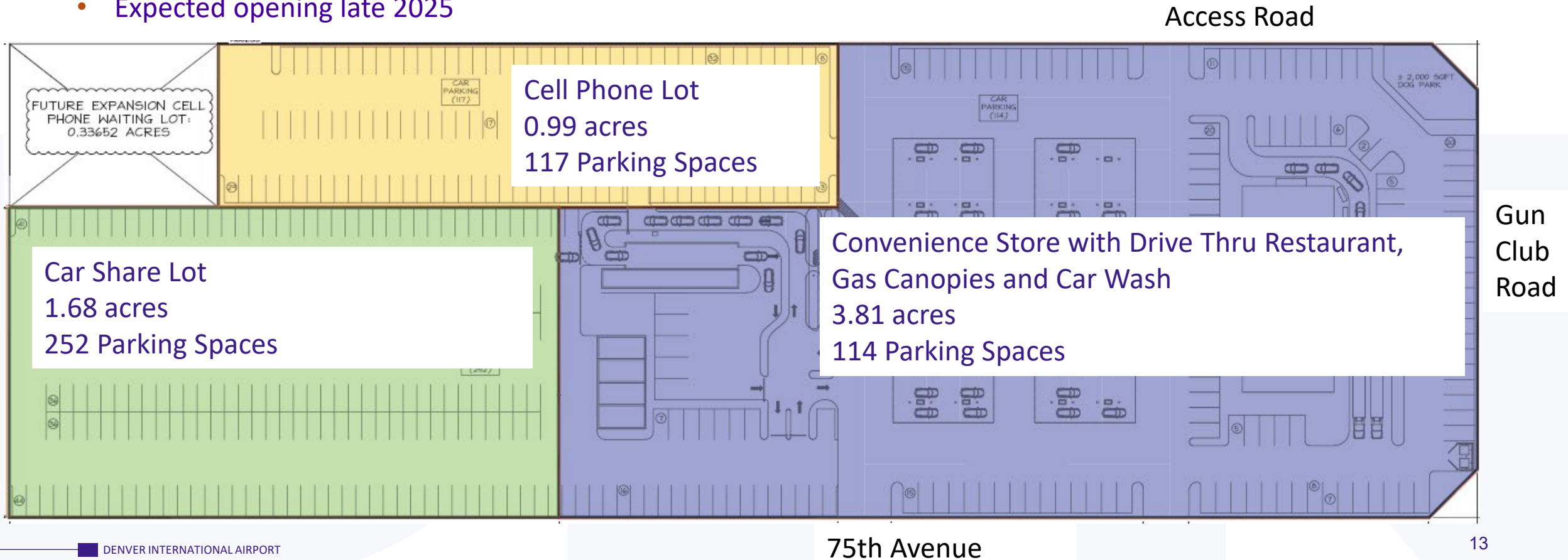


PROPOSED AMENDMENTS TO LEASE AGREEMENT



Aaravya Lease Amendment / Expansion

- Increases lease area from ~3 acres to ~5.49 acres
- Adds ~1.67 acre secured rideshare area
- Expands gas station area for car wash and improved circulation
- Tenant to build cell phone waiting area at their cost (but not pay rent on area)
- Expected opening late 2025



AARAVYA LEASE AMENDMENT - OVERVIEW



- 20-year ground lease with 4 options to extend lease for 5 years
- Right of first refusal for 3 acres west of lease area
- 14% MWBE design and construction goal established and remains intact
- ACDBE goals established and remain intact
 - 30.8% for food & beverage
 - 27.3% for retail sales
- EDIA plan approved and remains intact

AARAVYA LEASE AGREEMENT – FINANCIAL OVERVIEW



- \$2.02/sq. ft. base rent calculation with 2% annual rent adjustment increases

- Base Rent Revenue Comparison

	Original Contract	Amended Contract
Base Rent	\$263,974	\$483,111
20-year term	\$6,413,864	\$11,738,321
20-year term + 20-year option	\$15,944,529	\$29,180,849

- Performance Rent
 - 5% on Goods & Merchandise, Food & Beverage and Alcoholic Beverages
 - \$0.03 - 0.06 per gallon, based on volume
- Car Share revenues split with tenant 40/60
 - Tenant receives 60% of revenue for reservations in excess of current daily average (225 reservations)
- Infrastructure costs to enable project are anticipated to be less than \$5.0M

BENEFITS



- The proposed lease amendment to PLANE-202161181, Aaravya Investments LLC achieves the following benefits:
 - Increases amenities available to DEN visitors and employees
 - Expands cell phone waiting area
 - Adds new, professionally-managed and fenced/gated lot for car sharing transactions
 - Increases revenue to DEN and diversifies revenue streams, therefore reducing risk
 - Supports small and minority-owned business
 - Increases electric vehicle charging capacity

CONCLUSION



DEN is seeking City Council approval to amend a lease agreement with Aaravya Investments LLC to expand the leased area to include the development and operation of a car-share lot to the previously approved gas and convenience facility and increasing revenue by \$5,324,456.15 for a new total of \$11,738,321.15 (PLANE-202161181)

QUESTIONS?

