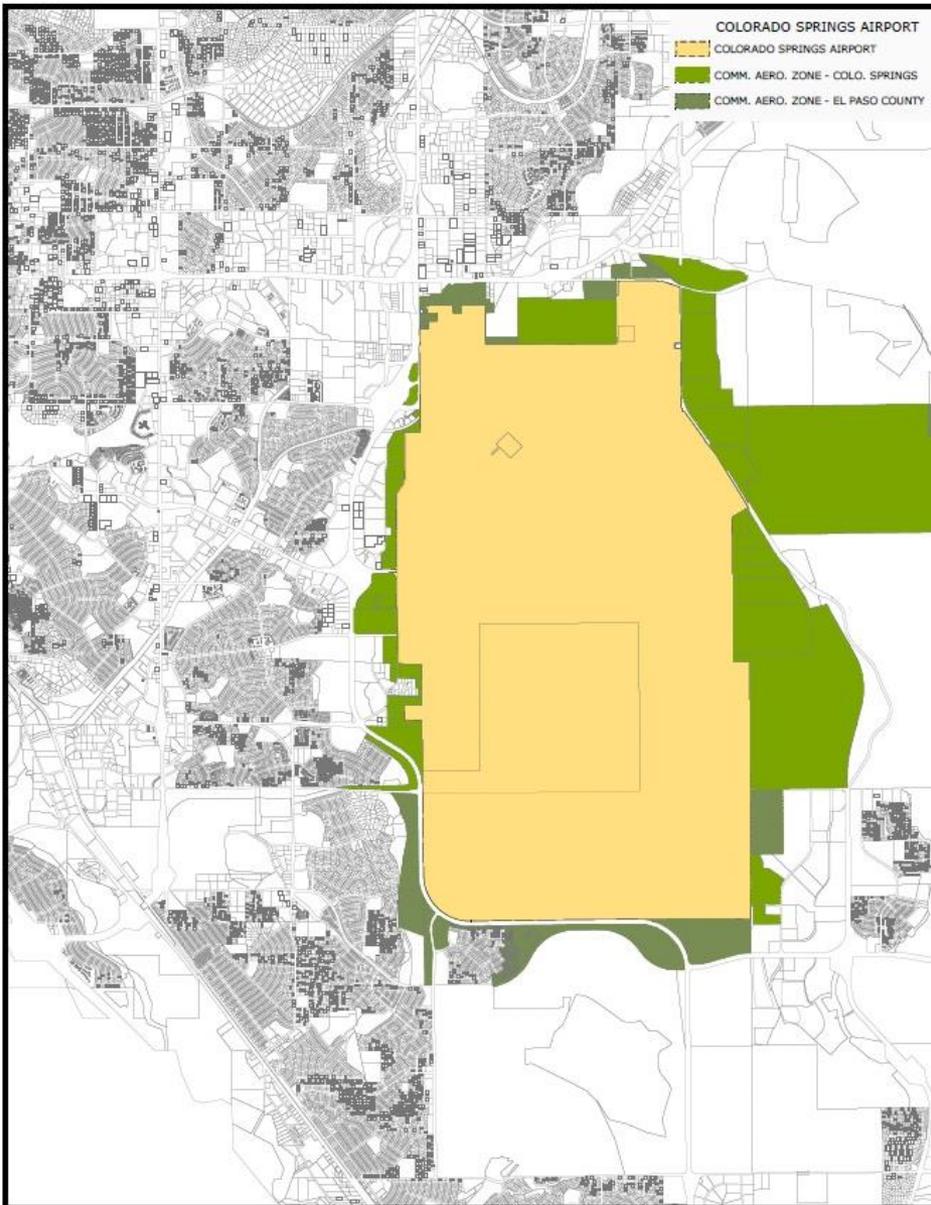


COLORADO SPRINGS AIRPORT



COMMERCIAL AERONAUTICAL ZONE (CAZ)

Refresher



Exempt from sales and use tax under this tax code:

- The sale, purchase, lease, rental, use, storage, distribution or consumption **any aircraft, aircraft parts or supplies, equipment, tooling, solvents and/or paints** used or consumed in the manufacture, maintenance, repair or overhaul of aircraft within the Commercial Aeronautical Zone.
- **Purchase or lease of capital equipment** directly and exclusively used or consumed in the manufacture, maintenance, repair or overhaul of aircraft within the Commercial Aeronautical Zone.

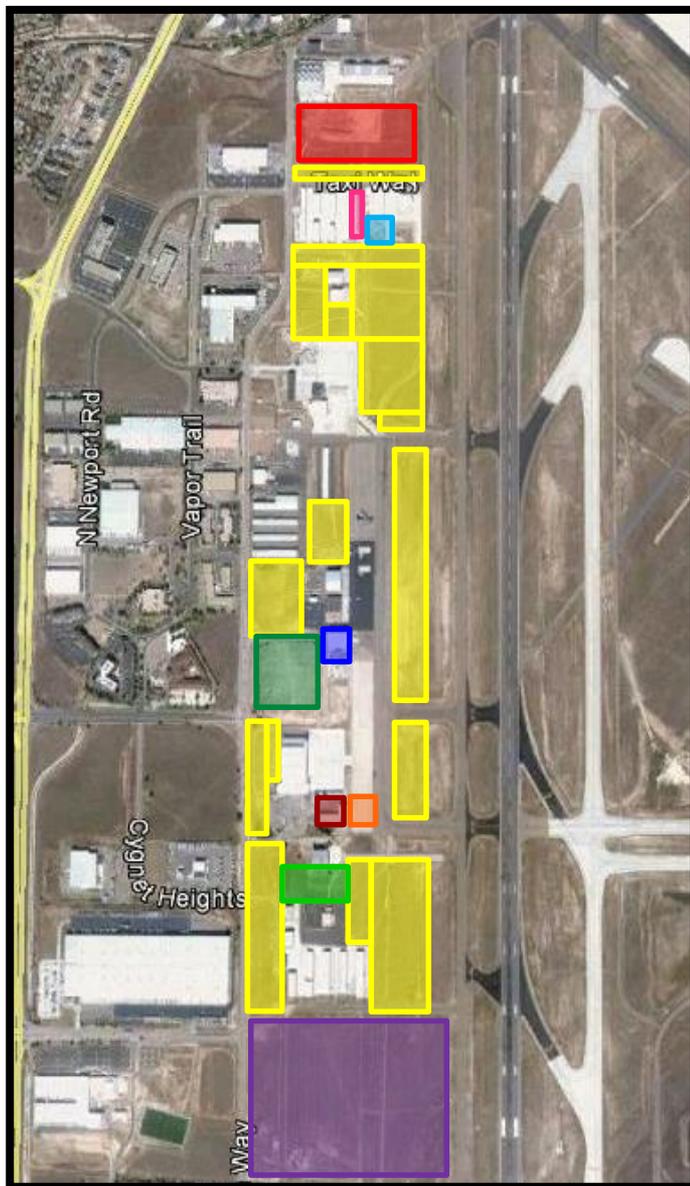
In addition to these local incentives, the State of Colorado has a similar program, abating all State sales and use tax on Aircraft parts.

PARTNERS IN CREATING THE COMMERCIAL AERONAUTICAL ZONE:

- CITY OF COLORADO SPRINGS
- EL PASO COUNTY
- PIKES PEAK RURAL TRANSPORTATION AUTHORITY

COMMERCIAL AERONAUTICAL ZONE (CAZ)

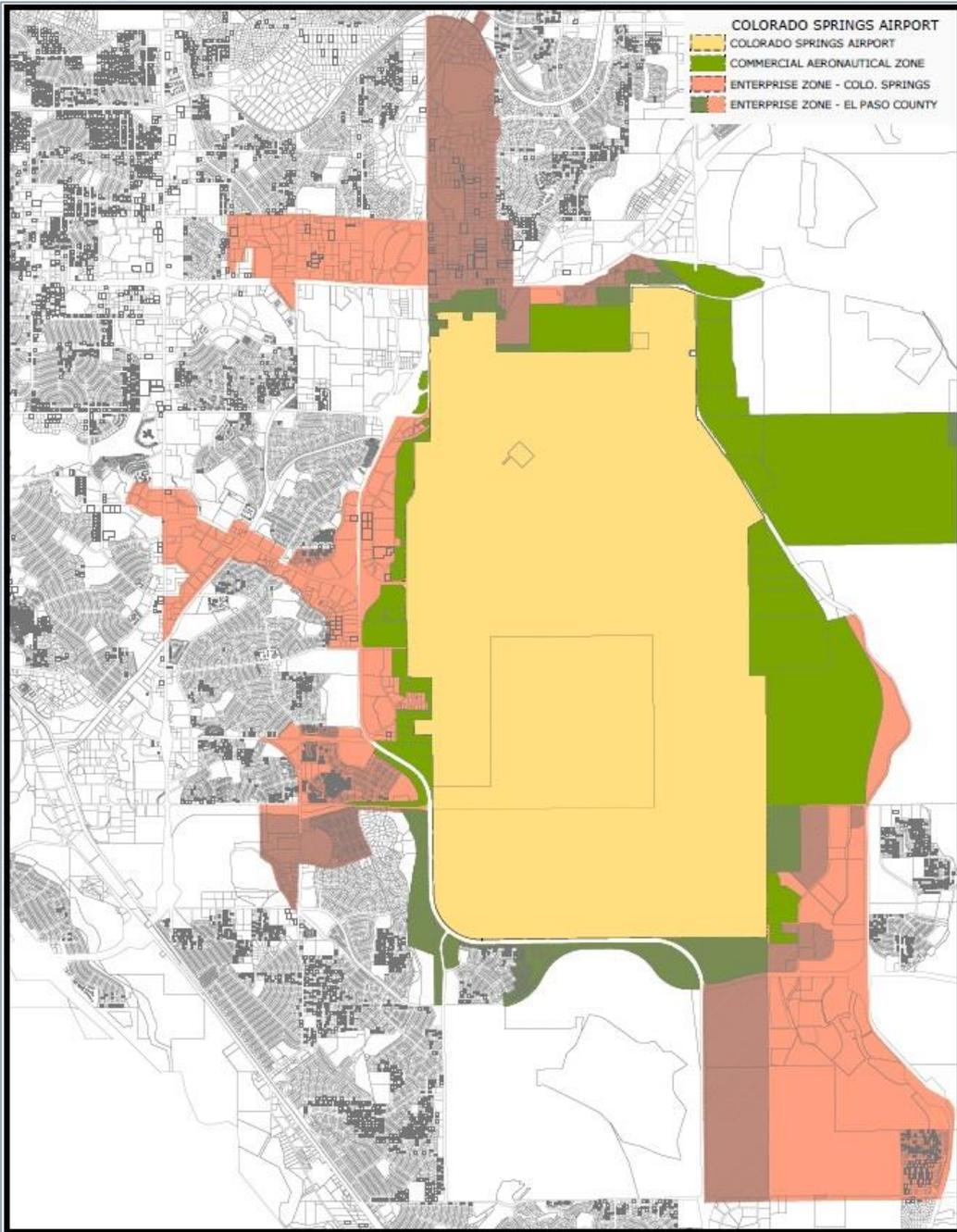
Results



- Formerly Vacant 20,000 Sq./Ft. Hangar
- Formerly Vacant 25,000 Sq./Ft. Hangar
- WWII Museum- 20 Acre Expansion
- Formerly Vacant Office/Distribution Facility
- New 35,000 Sq./Ft. Hangar Development
- New 25,000 Sq./Ft. Hangar Development
- 45 Acre Corporate Campus Development
- New 25,000 Sq./Ft. Hangar Development
- 15 Acre Development (In final negotiations)
- 125 acres of Westside infill airfield development still available

COMMERCIAL AERONAUTICAL ZONE (CAZ)

Enhancements



- The CAZ has far exceeded initial expectations
- There is strong demand for aeronautical parts manufacture and assembly (tied to airfield development)
- There is limited area for parts manufacturing and assembly within the existing CAZ
- The goal is to expand the CAZ while remaining consistent with our CAZ partners.
- Recommendation is to replicate boundaries of County administered State Enterprise Zone contiguous to CAZ

On Airport Economic Development Agreement

Authorized Incentives: An economic development agreement executed in accord with this section may include one or more of the following incentives:

Up to ninety percent (90%) of the City's general fund portion of the sales tax or use tax paid by or for the benefit of the business for the purchase or use of construction materials used in the establishment of the new business facility on the Municipal Airport.

Up to ninety percent (90%) of the business personal property tax paid by or for the benefit of the business for any business personal property with its situs at the new business facility on the Municipal Airport with actual value for purposes of assessment greater than \$500,000 (net of any credits or other set offs).

Term: The term of an economic development agreement executed pursuant to this section shall be as follows:

New jobs	Term
5-9	4 years
10-49	Up to 10 years
50 or more	Up to 15 years

Off Airport Economic Development Agreement

Authorized Incentives: An economic development agreement executed in accord with this article may include one or more of the following incentives:

Up to fifty percent (50%) of the City's general fund portion of the sales tax or use tax paid by or for the benefit of the business for the purchase or use of construction materials used in the establishment of the new business facility within the CAZ.

Up to fifty percent (50%) of the business personal property tax paid by or for the benefit of the business for any business personal property with its situs at the new business facility within the CAZ with actual value for purposes of assessment greater than \$1,000,000 (net of any credits or other set offs).

Up to ninety percent (90%) of the business personal property tax paid by or for the benefit of the business for any business personal property with its situs at the new business facility within the CAZ with actual value for purposes of assessment greater than \$5,000,000 (net of any credits or other set offs).

Term: The term of an economic development agreement executed pursuant to this article shall be as follows:

New jobs	Term
10-99	4 years
100-499	Up to 10 years
500 or more	Up to 15 years

- The Mayor is authorized to negotiate and execute one or more economic development agreements with any primary business that performs a commercial aeronautical activity at a new business facility within the commercial aeronautical zone.
- The Mayor shall inform City Council upon completion of any economic development agreement executed pursuant to this section.