

**2016 INSURANCE APPRAISAL UPDATE  
REPORT OF SPECIFIED PROPERTY OF:**

**AIRLINES FOR AMERICA  
DENVER INTERNATIONAL AIRPORT (DEN)  
11110 QUEENSBURG STREET  
*DENVER, COLORADO  
UNITED STATES***

**Prepared by:  
Suncorp Valuations**

**File No. 47118**

**PREMISE OF VALUE:  
Cost of Reproduction New**

**Appraisal Date: June 1, 2016**

**Local Currency: United States Dollars (USD)**

August 24, 2016

Airlines for America  
1301 Pennsylvania Ave NW  
Washington, DC 20004

C/O: Global Asset Protection Services, LLC  
35 Coralyn Avenue  
White Plains, NY 10605

Attention: Jeffrey J. Kroutil, CFPS  
Vice President, Principal Consultant

**Re: 2016 Appraisal Appraisal Update of Specified Assets of Interest to Airlines for America, Denver International Airport (DEN) Located at 11110 Queensburg Street, Denver, Colorado**

In accordance with your authorization, we have completed an insurance appraisal update of the referenced property. Our appraisal findings and conclusions are summarized in the attached document. This report is issued in electronic form and is intended for Airlines of America and their insurance representative's use.



Should you have any questions regarding the report, please contact the undersigned.

We thank you for your confidence in our services.

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On behalf of,  
SUNCORP VALUATIONS

  
Michael J. Jones, ASA

Operations Manager, International Industrial Valuation Group

MJJ/amm

Attachment

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August 24, 2016

Airlines for America  
1301 Pennsylvania Ave NW  
Washington, DC 20004

Ladies and Gentlemen:

**Re: 2016 Appraisal Appraisal Update of Specified Assets of Interest to Airlines for America, Denver International Airport (DEN) Located at 11110 Queensburg Street, Denver, Colorado**

In accordance with your authorization, we have completed a “desk-top” appraisal update of the referenced property. The details of our service and findings and conclusions are presented in the ensuing sections of this appraisal report.

### **BACKGROUND**

In 2011 Global Asset Protections Services, LLC and its valuation service provider, Suncorp Valuations Ltd. (“Suncorp”) were privileged to perform insurance appraisals of the insurable assets of thirty-four (34) sites for Airlines for America (A4A). This comprehensive undertaking included a site inspection and valuation of all the subject properties’ buildings, site improvements and machinery and equipment assets. Our appraisal findings for these assets were presented in individual reports issued in 2011. Additionally, we were authorized to complete five (5) more locations during 2012-2016. The completion of these insurance appraisals was a prudent risk management strategy to obtain an accurate Statement of Values to provide to A4A’s insurers. The establishment of accurate values ensures that A4A is not over-insured and paying excess premiums or under-insured and being at risk in the event of a loss.

In order to maintain the insurable values current, A4A recently authorized Global Asset Protections Services, LLC and its valuation service provider, Suncorp to complete a “desk-top” insurance appraisal update of the previously appraised locations. The appraisal update is meant to address inflation/deflation and also incorporate any additions, deletions or property changes to the insurable assets that have occurred since the original appraisal. We have now completed this service and are pleased to provide our findings in the ensuing sections of this appraisal report.

### **DESCRIPTION OF FACILITY**

The subject facility which is operated by Aircraft Service International Group receives, stores, and supplies jet fuel to various airline users at the Denver International Airport. The primary operating location is the Main Yard, located on the east side of Queensburg Street and south of East 114th Avenue, located at the north end of the airport. The Main Yard includes an Operations Office and Maintenance Building, tanker and pipeline receiving operations and a Tank Farm.

Jet A fuel is received at the Main Yard via tanker trucks and a 10” Magellan Midstream Partners LP pipeline. Fuel is processed through filtering and metering equipment at the Tank Farm.

The Main Yard tank farm consists of six above ground welded steel fixed roof floating suction tanks, with a total system storage capacity of 405,000 barrels or 17,000,000 gallons. Airport fuel usage is approximately 1,700,000 gallons per day, which represents approximately a ten day supply.

Four twenty inch pipelines transfer fuel from the Main Yard Tank Farm to the Denver International Airport fuel hydrant system which runs along both the east and west side of Concourses A, B, and C. There is also a twelve inch line which transfers fuel to the South Cargo area Jet A load racks from the main hydrant system.

The fuel is transferred through the system at 150 PSI from the Main Yard Tank Farm to the airport hydrant system.

#### **PURPOSE AND DATE OF APPRAISAL**

We have performed this appraisal update service for the purpose of developing an estimate of the **Cost of Reproduction New (CRN)** of the specified property to assist with the placement of property insurance coverage.

The effective date of the appraisal is June 1, 2016.

#### **INTENDED USERS OF APPRAISAL**

The appraisal report is only valid for the purpose defined herein. Accordingly, the intended authorized users will be limited to the client of record Airlines for America, its insurance broker(s) or agent(s) and the insurer of the property. Any liability to unintended users is expressly denied. For further clarification of our services please refer to the General Service Conditions and Contingent and Limiting Conditions on pages "A"-1 and "B"-1, which form an integral part of this report.

#### **IDENTIFICATION OF APPRAISAL PROPERTY**

The specified property appraised was:

***Denver International Airport (DEN)  
11110 Queensburg Street  
Denver, Colorado  
United States***

**BASIS OF VALUE**

The cost estimate for the specified property appraised was developed on the following basis of value:

**Cost of Reproduction New\* (CRN)** which is defined as: *“the monetary amount required to reproduce a duplicate or replica of the entire property at one time in like kind and materials in accordance with current market prices for materials, labour, manufactured equipment, contractor’s overhead, profit and fees, but without provisions for overtime, bonuses for labour, or premiums for materials or equipment”.*

**\*Cost of Reproduction New (CRN)** is synonymous with the insurance industry’s **“Replacement Cost New.”**

Cost of Reproduction New (CRN) takes into account current market prices for labor, duties and freight, building materials and equipment, contractors’ overhead, profit and fees, engineering and installation costs, as well as applicable taxes. It is exclusive of the cost of demolition, grading or filling in connection with removal of destroyed property or reconstruction.

In the event of a partial loss, the amount of the loss may be based on the repair cost which is usually proportionately higher than the Cost of Reproduction New (CRN) for the entire property, as defined in this report.

**PROPERTY USE**

As at the effective date of appraisal the specified property was being utilized as an airport fuelling facility.

**APPRAISAL INCLUSIONS**

Our appraisal investigation was limited to the building construction, site improvements and machinery and other equipment situated at the subject site. More specifically, the following classifications of insurable property were included in our appraisal:

**Building Construction and Services**

- Site Preparation and Excavation (within footprint of building)
- Foundations
- Sewerage
- Framing
- Exterior Walls
- Roof Frame and Coverings
- Floor Structure
- Interior Partitions and Finishes
- Electrical and Lighting Systems
- Plumbing

- Heating, Ventilating and Air Conditioning
- Fire Protection and Security Systems

**Site Improvements**

- Fences and Gates
- Walk/Road/Paving/Parking Appurtenances
- Outdoor Lighting
- Storm System
- Fire Loop

**Machinery and Other Equipment**

- Fuel Storage Tanks
- General Machinery and Equipment
- Above and Below Grade Piping Network (if applicable)
- Pump and Fuel Filtering Equipment
- Office Furniture and Equipment
- Computer Hardware

**Mobile Equipment**

- Unlicensed Mobile Equipment

**APPRAISAL EXCLUSIONS**

Our appraisal service **excludes** all other property classifications not specifically identified within the appraisal inclusions section of this report.

**LIMITATIONS OF SERVICE**

In completing this appraisal service, we did not perform a bylaw study pertaining to the specified property, nor did we develop an estimate of the cost of demolition and debris removal for the subject buildings in connection with reconstruction.

**SCOPE OF 2011 APPRAISAL SERVICE**

Our original 2011 appraisal service included a physical inspection and inventory of the subject property. We subsequently developed insurable values by property class as follows:

### ***Development of Building Construction and Services CRN through the Cost Approach***

The Cost of Reproduction New (CRN) for the subject building construction and services was calculated using a variety of costing manuals. The valuation methods employed for this appraisal were the Segregated Cost Method and the Model-Based Method, or a combination of both.

#### ➤ ***The Segregated Cost Method***

To determine cost via this method involves estimating the current unit cost of installed components, sections or systems of the building structure under appraisal. The unit price includes costs of materials, labor, overheads, fees and profits required to replace the building components new, as of the date of appraisal.

#### ➤ ***The Model-Based Method***

This method uses as a basis, the current cost per square foot of other properties that are similar to the subject property in their design, style, construction and function. This benchmark cost is then adjusted to more closely suit the specifications and construction quality of the subject property being appraised. Once adjusted, this unit cost is applied to the subject's gross floor area with additional consideration given to any specialty features.

### ***Development of Machinery and Other Equipment CRN through the Cost Approach***

To develop the Cost of Reproduction New (CRN) for the major Machinery and Equipment we considered identical or similar systems or processes, being of the same make, type, class, size or capacity with consideration for freight, installation, currency exchange, taxes, duties and fees, and other recurring indirect costs, where applicable. Where a particular model or system is no longer manufactured, we will rely upon a current manufacturer and model or systems which in our judgement represent the one being appraised.

For the minor machinery and other property classifications we developed their CRN through various approaches including:

- Indexing of historical costs
- Use of our in-house database
- Obtaining quotes from suppliers
- Obtaining estimates from your representatives

### **SCOPE OF 2016 UPDATE SERVICE**

In accordance with the parameters of this 2016 update service, we did not perform a physical re-inspection of the subject property. Rather, the scope of our update service relied on the information assembled as part of this 2016 update service which comprised the following:

#### **Step 1: Provision of Update Manual and Data Request**

In May, 2016, we provided A4A site representatives at each airport location a manual which provided guidance on how property changes that have occurred since our last appraisal should be recorded. We also provided an electronic template to facilitate their submission.

**Step 2: Revision of 2011 Values to Reflect Property Changes**

Suncorp first reviewed the property changes submitted by the respective site contacts to ensure reasonableness and consistency. We then incorporated these changes into our original 2011 database to reflect the valuation adjustments required due to capital additions, modifications, deletions and changes.

**Step 3: Adjustment of Insurable Values for Economic Changes**

The final step of our valuation update was to adjust the 2011 insurable values for economic considerations. More specifically, we developed annual cost increase/decrease factors by property classification and applied these to the 2011 CRN as appropriate.

**2016 APPRAISAL UPDATE REPORT CONTENTS**

Our appraisal report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). The Cost of Reproduction New (CRN) is stated in our reports in United States Dollars (USD) and includes taxes, where applicable.

Our report is issued in PDF electronic form and includes:

- This Letter of Transmittal which identifies the property appraised, states the purpose, summarizes the nature of our service, and presents the CRN conclusions reached;
- Appendices consisting of:
  - Appendix "A" – General Service Conditions;
  - Appendix "B" – Contingent and Limiting Conditions;
  - Appendix "C" – Certification Statement;
  - Appendix "D" – Summary of Updated Costs by Property Classification.

All field notes developed for this appraisal project will be safely stored and retained for a period of seven years. This will facilitate future appraisal updates and will assist in establishing a claim, should this become necessary.

**CONCLUSION OF VALUE**

Based on the appraisal investigation detailed herein and the valuation methodology applied it is our opinion that as at June 1, 2016, the insurable cost of the specified property of Airlines for America, Denver International Airport (DEN), 11110 Queensbury Street, Denver, Colorado is reasonably stated as follows:

**PROPERTY CLASSIFICATION****CRN**

Building Construction and Services:	725,000
Site Improvements:	3,340,000
Machinery and Other Equipment - Except Tanks:	233,607,000
Machinery and Other Equipment - Tanks:	33,777,000
Mobile Equipment:	1,170,000

**TOTAL INSURABLE VALUE:****\$272,619,000****CRN = Cost of Reproduction New**

All costs throughout the report are expressed in United States Dollars (USD) and are inclusive of applicable taxes.

On behalf of,  
SUNCORP VALUATIONS



Michael J. Jones, ASA

Operations Manager, International Industrial Valuation Group

MJJ/amm

**ADDENDA**

## **APPENDIX "A"**

### **GENERAL SERVICE CONDITIONS**

The service(s) provided by Suncorp Valuations (referred to as "Suncorp") were performed in accordance with professional appraisal standards. Our compensation is not contingent in any way upon the conclusion of value. We will assume, without independent verification, the accuracy of all data that was provided to us. We have acted as an independent contractor and have reserved the right to use subcontractors. All files, working papers, or documents that were developed by us during the course of the engagement will be our property. We will retain this data for at least seven years.

Our report will only be used for the specific purpose(s) stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties that need to review the information contained therein. No one should rely on the report as a substitute for his or her own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

We will reserve the right to include your company name in our reference list, however, we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings.

## **APPENDIX "B"**

### **CONTINGENT AND LIMITING CONDITIONS**

The services provided by Suncorp are subject to the following contingent and limiting conditions, which may be applicable to the subject appraisal report:

- We did not survey the subject site, and therefore will not assume responsibility for such matters, nor other technological and engineering techniques that are required to discover any inherent or hidden conditions of the subject property. Architectural drawings provided by the client or their agent were deemed to be accurate as to the building dimensions and specifications, unless information is received to the contrary.
- We will not be required to appear in court to give testimony in regard to the subject property unless prior arrangements have been made in a separate agreement.
- It was assumed, but not verified, that similar density of development, as it currently exists, could be achieved for the subject property under the current zoning regulation. It is suggested that you consult with your insurance broker or agent and/or insurance company to ensure proper coverage. Zoning by-laws are an insurance policy coverage issue, not a valuation issue.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property was assumed to be good and marketable, and free and clear of any liens and encumbrances, unless otherwise stated.
- No environmental audit or historic use study of the subject property was conducted as part of this appraisal. It was assumed that the use of the subject property complies fully with any and all environmental regulations and laws. It was further assumed that there are no hazardous materials on or in the vicinity of the subject property.
- The mechanical and heating systems, piping, plumbing and other building services and machinery and equipment, if included in the report, were assumed to be in good working condition and adequate for the building(s). This equipment was not tested, nor did Suncorp assume any responsibility for testing of such.
- We will reserve the right to alter, revise and/or rescind the values reported should any subsequent or additional information be found, or in the event the engagement parameters are modified to any degree.
- The insurable values concluded in this report are only valid as at the specified appraisal date. No consideration was given to future economic factors including inflation/deflation, currency exchange fluctuations, labour, rate variations, etc.

## APPENDIX "C" CERTIFICATION STATEMENT

**RE: SPECIFIED PROPERTY OF AIRLINES OF AMERICA, DENVER INTERNATIONAL AIRPORT (DEN)  
LOCATED AT 11110 QUEENSBURG STREET, DENVER, COLORADO, UNITED STATES**

No personal inspection of the referenced property was conducted in conjunction with this 2016 update service. Rather, we relied on property data obtained during our original 2011 appraisal inspection, as well as subsequent property changes reported to us by site representatives. This appraisal update was completed by Joshua Abbey, ASA

Suncorp Valuations, the above named appraiser, or the reviewer of this report, have not appraised this property within the last three years.

We hereby certify that, to the best of our knowledge and belief, the statements of fact contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is impartial and unbiased.

We have no present or prospective interest, nor any bias or personal interest with respect to the subject property, and no personal interest with respect to the parties involved with this assignment. Our findings are not contingent upon developing or reporting predetermined results, and our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

Our analysis, opinions and conclusions are in conformity with the Uniform Standards of Professional Appraisal Practice including the Competency Provision. No one provided significant professional assistance to the persons signing this certificate.

The American Society of Appraisers has a mandatory recertification program. We verify that we are in compliance with these requirements.

Based on the investigation outlined and on the valuation methods employed, it our opinion that as at June 1, 2016, the insurable cost of the subject property is reasonably estimated as follows:

<b><u>PROPERTY CLASSIFICATION</u></b>	<b><u>CRN</u></b>
Building Construction and Services:	725,000
Site Improvements:	3,340,000
Machinery and Other Equipment - Except Tanks:	233,607,000
Machinery and Other Equipment - Tanks:	33,777,000
Mobile Equipment:	1,170,000
<b>TOTAL INSURABLE VALUE:</b>	<b>\$272,619,000</b>

**CRN = Cost of Reproduction New**

All insurable values are expressed in United States Dollars (USD).

On behalf of,  
SUNCORP VALUATIONS



Michael J. Jones, ASA

Operations Manager, International Industrial Valuation Group

August 24, 2016

**APPENDIX "D"**  
**SUMMARY OF INSURABLE CRN\***  
**As at: June 1, 2016**

SUNCORP FILE NO.: 47118

LOCATION OR BUILDING NAME	**GROSS FLOOR AREA (FT <sup>2</sup> )	ABOVE OR BELOW GRADE	BUILDING CONSTRUCTION AND SERVICES	SITE IMPROVEMENTS	MACHINERY AND OTHER EQUIPMENT - EXCEPT TANKS CRN	MACHINERY AND OTHER EQUIPMENT - TANKS CRN	MOBILE EQUIPMENT	LOCATION OR BUILDING TOTAL	FUEL INVENTORY
<b>SITE 1: MAIN YARD</b>									
BUILDING 200 - OPERATIONS BUILDING	4,700	N/A	-	-	2,968,000	-	-	2,968,000	-
BUILDING 201 - MAINTENANCE BUILDING	4,460	N/A	703,000	-	990,000	-	-	1,693,000	-
SOUTH CARGO CONTROL BUILDING	150	N/A	22,000	-	236,000	-	-	258,000	-
TANK FARM - YARD	-	ABOVE GRADE	-	-	7,582,000	33,056,000	-	40,638,000	-
TANK FARM - YARD	-	BELOW GRADE	-	-	689,000	-	-	689,000	-
SITE IMPROVEMENTS	-	ABOVE GRADE	-	1,799,000	-	-	-	1,799,000	-
SITE IMPROVEMENTS	-	BELOW GRADE	-	409,000	-	-	-	409,000	-
<b>LOCATION SUBTOTAL:</b>	<b>9,310</b>		<b>\$ 725,000</b>	<b>\$ 2,208,000</b>	<b>\$ 12,465,000</b>	<b>\$ 33,056,000</b>	<b>\$ -</b>	<b>\$ 48,454,000</b>	<b>-</b>
<b>SITE 2: SOUTH CARGO</b>									
SOUTH CARGO AREA - YARD	-	ABOVE GRADE	-	-	3,009,000	-	-	3,009,000	-
SOUTH CARGO AREA - YARD	-	BELOW GRADE	-	-	421,000	187,000	-	608,000	-
SITE IMPROVEMENTS	-	ABOVE GRADE	-	748,000	-	-	-	748,000	-
SITE IMPROVEMENTS	-	BELOW GRADE	-	81,000	-	-	-	81,000	-
<b>LOCATION SUBTOTAL:</b>	<b>-</b>		<b>\$ -</b>	<b>\$ 829,000</b>	<b>\$ 3,430,000</b>	<b>\$ 187,000</b>	<b>\$ -</b>	<b>\$ 4,446,000</b>	<b>-</b>
<b>SITE 3: CONCOURSE "A"</b>									
CONCOURSE "A" - YARD	-	ABOVE GRADE	-	-	1,448,000	-	-	1,448,000	-
CONCOURSE "A" - YARD	-	BELOW GRADE	-	-	392,000	178,000	-	570,000	-
SITE IMPROVEMENTS	-	ABOVE GRADE	-	99,000	-	-	-	99,000	-
SITE IMPROVEMENTS	-	BELOW GRADE	-	22,000	-	-	-	22,000	-
<b>LOCATION SUBTOTAL:</b>	<b>-</b>		<b>\$ -</b>	<b>\$ 121,000</b>	<b>\$ 1,840,000</b>	<b>\$ 178,000</b>	<b>\$ -</b>	<b>\$ 2,139,000</b>	<b>-</b>
<b>SITE 4: CONCOURSE "B"</b>									
CONCOURSE "B" - YARD	-	ABOVE GRADE	-	-	1,450,000	-	-	1,450,000	-
CONCOURSE "B" - YARD	-	BELOW GRADE	-	-	338,000	178,000	-	516,000	-
SITE IMPROVEMENTS	-	ABOVE GRADE	-	99,000	-	-	-	99,000	-
SITE IMPROVEMENTS	-	BELOW GRADE	-	22,000	-	-	-	22,000	-
<b>LOCATION SUBTOTAL:</b>	<b>-</b>		<b>\$ -</b>	<b>\$ 121,000</b>	<b>\$ 1,788,000</b>	<b>\$ 178,000</b>	<b>\$ -</b>	<b>\$ 2,087,000</b>	<b>-</b>

\*CRN = COST OF REPRODUCTION NEW

\*\*GROSS FLOOR AREA IS ROUNDED TO NEAREST 10 SQ.FT.

**APPENDIX "D"**  
**SUMMARY OF INSURABLE CRN\***  
**As at: June 1, 2016**

SUNCORP FILE NO.: 47118

LOCATION OR BUILDING NAME	**GROSS FLOOR AREA (FT <sup>2</sup> )	ABOVE OR BELOW GRADE	BUILDING CONSTRUCTION AND SERVICES	SITE IMPROVEMENTS	MACHINERY AND OTHER EQUIPMENT - EXCEPT TANKS CRN	MACHINERY AND OTHER EQUIPMENT - TANKS CRN	MOBILE EQUIPMENT	LOCATION OR BUILDING TOTAL	FUEL INVENTORY
<b>SITE 5: CONCOURSE "C"</b>									
CONCOURSE "C" - YARD	-	ABOVE GRADE	-	-	765,000	-	-	765,000	-
CONCOURSE "C" - YARD	-	BELOW GRADE	-	-	499,000	178,000	-	677,000	-
SITE IMPROVEMENTS	-	ABOVE GRADE	-	50,000	-	-	-	50,000	-
SITE IMPROVEMENTS	-	BELOW GRADE	-	11,000	-	-	-	11,000	-
<b>LOCATION SUBTOTAL:</b>	-		<b>\$ -</b>	<b>\$ 61,000</b>	<b>\$ 1,264,000</b>	<b>\$ 178,000</b>	<b>\$ -</b>	<b>\$ 1,503,000</b>	-
THROUGHOUT	-	ABOVE GRADE	-	-	93,000	-	-	93,000	-
THROUGHOUT	-	BELOW GRADE	-	-	212,727,000	-	-	212,727,000	-
MOBILE EQUIPMENT	-	N/A	-	-	-	-	1,170,000	1,170,000	-
FUEL INVENTORY	-	N/A	-	-	-	-	-	-	EXCLUDED
<b>GRAND TOTALS:</b>	<b>9,310</b>		<b>\$ 725,000</b>	<b>\$ 3,340,000</b>	<b>\$ 233,607,000</b>	<b>\$ 33,777,000</b>	<b>\$ 1,170,000</b>	<b>\$ 272,619,000</b>	<b>EXCLUDED</b>

\*CRN = COST OF REPRODUCTION NEW  
 \*\*GROSS FLOOR AREA IS ROUNDED TO NEAREST 10 SQ.FT.