



**DULUTH INTERNATIONAL AIRPORT**

**Travel Globally. Fly Locally.**

**DULUTH AIRPORT AUTHORITY  
MEETING AGENDA  
MAY 21, 2019**

**DULUTH INTERNATIONAL AIRPORT  
AMATUZIO CONFERENCE ROOM**

**I \*EXECUTIVE DIRECTORS REVIEW**

Information Letter to DAA Directors.

**II \*APPROVAL OF PREVIOUS MEETING MINUTES & OTHER CONSENT AGENDA  
ITEMS**

A. Approval of April 16, 2019 Meeting Minutes.

**III \*DAA CASH DISBURSEMENTS**

A. Cash Disbursement Sheets #8 and #9, 2019. Construction Fund Sheet #5, 2019.

**IV \*CORRESPONDENCE**

- A. May 1, 2019 E-Mail from Monaco Air Foundation with Summary of April 2019 Activities.
- B. May 1, 2019 Neighborhood Notice Duluth International Airport – Runway 9/27 Reconstruction Project.
- C. May 14, 2019 Memorandum Regarding Runway 9/27 Reconstruction, Phase 3 – Public Outreach Efforts.
- D. May BusinessNorth Article “Duluth International Airport Attracts Third Carrier, Bus Service”.
- E. Link for Metropolitan Airports Commission (MAC) Minutes --  
<https://metroairports.org/Airport-Authority/Metropolitan-Airports-Commission/Public-Meetings/Board-Meetings.aspx>.

**V OPPORTUNITY FOR PERSONS TO BE HEARD**

**VI OLD BUSINESS**

None

**VII NEW BUSINESS**

- A. Resolution to Approve the 2019 Capital Improvement Projects (CIP) for the Duluth International Airport (DLH) and Sky Harbor Airport (DYT).
- B. Resolution to Accept and Approve State Airport Maintenance and Operations Agreement #1033477, for Fiscal Years A6901-MO20 and A6901-MO21 for the Duluth International

Airport and to Authorize the Authority's President and Vice President to Execute the Grant Agreement.

- C. Resolution to Accept and Approve State Airport Maintenance and Operations Agreement #1033478, for Fiscal Years A6901A-MO20 and A6901A-MO21 for the Duluth Sky Harbor Airport and to Authorize the Authority's President and Vice President to Execute the Grant Agreement.
- D. Resolution to Approve a Sky Harbor License Agreement Between the Duluth Airport Authority and Kernz & Kompany for the Runway 4-K Run at Sky Harbor Airport.
- E. Resolution to Approve the Hangar Land Lease Agreement Between the Duluth Airport Authority and Duluth Hangar, LLC (Formerly Lake Superior Aviation & Jet Duluth).
- F. Resolution to Approve the Terminal Space Lease Agreement Between the Duluth Airport Authority and General Services Administration (GSA).
- G. Resolution to Approve the Duluth Air & Aviation Expo Air Show and Exhibition Agreement Between the Duluth Airport Authority and Kernz & Kompany.
- H. \*March 2019 Financial Report.
- I. \*April 2019 Accounts Receivables.
- J. \*April 2019 Airline Statistics (To Be Distributed At Meeting).

## VIII DIRECTORS REPORTS

*Items annotated by an (\*) are approved by consent and require no discussion or action unless questioned by a Director (In accordance with resolution passed by Directors at March 19, 2002).*

## EXECUTIVE DIRECTORS REVIEW



# DULUTH INTERNATIONAL AIRPORT

Travel Globally. Fly Locally.

**DATE:** May 21, 2019  
**TO:** DAA Directors  
**FROM:** Executive Director  
**SUBJECT:** EXECUTIVE DIRECTORS REVIEW

The following items will be briefed during the Executive Director's Review. If action is required of the DAA on any of these items, they will also appear on the agenda. If you have questions or desire additional information, please contact me and I will provide it at the DAA meeting.

## AIR SERVICE

- Passengers YTD Numbers Not Available at Time of Board Packet Distribution
- Air Service Snapshot
- JumpStart
  - ☐ Meetings with: Delta, Allegiant, Sun Country and American

## AIRFIELD OPERATIONS

- Airside
  - ☐ Part 150 Noise Scoping and Budget Update
  - ☐ Master Plan Update
  - ☐ Runway Reconstruction Update
  - ☐ Runway 9 ILS
  - ☐ Airshow Planning
- Landside
  - ☐ NSR
- Sky Harbor
  - ☐ Runway Width Alternative
  - ☐ Runway Realignment Phase 3 Schedule Alternatives
  - ☐ The FAA's RTR

## BUSINESS/PROPERTY DEVELOPMENT

- American Airlines Buildout
- Landline Startup

## FINANCIAL UPDATE

- Audit Closeout
- 1<sup>st</sup> Quarter Financials



### **MARKETING UPDATE**

- Fly Local Update
- AA Launch Event

### **LEGISLATIVE UPDATE**

- Airport Zoning Legislation
- PFC Increase Advocacy

### **PRESENTATIONS/TOURS/TRAVEL RECAP**

- AAAE Economic Development Conference Recap
- MCOA Annual Conference Recap
- Leadership Duluth Transportation Day Presentation

### **OTHER**

- Strategic Plan Update
- Joint Zoning Board Update
- Petty Officer Tini Event Update

Submitted by,

Thomas J. Werner, C.M.  
Executive Director

# Duluth Airport Authority 2018 YE Summary 2019 1st Quarter Financial Update

May 21st, 2019



## Duluth Airport Authority DAA Board Packet Budget vs. Actual From Jan 2018 to Adjust 2018 Year-End #'s Post Audit

Financial Row	Prior Year Actual (Jan 2017 - Adjust 2017)	Current Year Actual (Jan 2018 - Adjust 2018)	Budget Amount (Jan 2018 - Adjust 2018)	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2018 Adjust 2018)
<b>Ordinary Income/Expense</b>						
<b>Income</b>						
Non-Aeronautical Revenue	2,876,134	2,956,468	2,570,299	80,334	386,169	2,570,299
Non-Passenger Aeronautical Revenue	1,656,078	1,599,158	1,517,677	(56,920)	81,481	1,517,677
Passenger Airline Aeronautical Revenue	1,022,791	1,238,773	1,243,501	215,983	(4,728)	1,243,501
<b>Total - Income</b>	<b>5,555,003</b>	<b>5,794,399</b>	<b>5,331,477</b>	<b>239,396</b>	<b>462,922</b>	<b>5,331,477</b>
<b>Gross Profit</b>	<b>5,555,003</b>	<b>5,794,399</b>	<b>5,331,477</b>	<b>239,396</b>	<b>462,922</b>	<b>5,331,477</b>
<b>Expense</b>						
Miscellaneous Expenses	22,464	28,343	27,550	5,879	793	27,550
Personnel Compensation & Benefits	2,137,190	2,111,378	2,058,343	(25,812)	53,035	2,058,343
Services and Charges	1,632,916	1,630,538	1,590,565	(2,378)	39,973	1,590,565
Supplies	473,524	436,717	440,600	(36,807)	(3,884)	440,600
<b>Total - Expense</b>	<b>4,266,094</b>	<b>4,206,976</b>	<b>4,117,058</b>	<b>(59,117)</b>	<b>89,918</b>	<b>4,117,058</b>
<b>Net Ordinary Income</b>	<b>1,288,909</b>	<b>1,587,422</b>	<b>1,214,419</b>	<b>298,513</b>	<b>373,004</b>	<b>1,214,419</b>
<b>Other Income and Expenses</b>						
<b>Other Income</b>						
Non-Operating Revenue	512,242	575,184	488,100	62,942	87,084	488,100
<b>Total - Other Income</b>	<b>512,242</b>	<b>575,184</b>	<b>488,100</b>	<b>62,942</b>	<b>87,084</b>	<b>488,100</b>
<b>Other Expense</b>						
Non-Operating Expense	353,053	330,594	407,344	(22,460)	(76,750)	407,344
<b>Total - Other Expense</b>	<b>353,053</b>	<b>330,594</b>	<b>407,344</b>	<b>(22,460)</b>	<b>(76,750)</b>	<b>407,344</b>
<b>Net Other Income</b>	<b>159,188</b>	<b>244,590</b>	<b>80,756</b>	<b>85,402</b>	<b>163,834</b>	<b>80,756</b>
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	<b>1,448,097</b>	<b>1,832,012</b>	<b>1,295,175</b>	<b>383,915</b>	<b>536,838</b>	<b>1,295,175</b>
Projects/Grants	21,931,918	9,533,826	14,219,500	(12,398,092)	(4,685,674)	14,219,500
Depreciation & Amortization	(9,603,974)	(10,272,587)	(9,641,909)	(668,613)	(630,678)	(9,641,909)
<b>Net Income</b>	<b>13,776,042</b>	<b>1,093,251</b>	<b>5,872,766</b>	<b>(12,682,790)</b>	<b>(4,779,515)</b>	<b>5,872,766</b>

\* This report is based on an allocated budget, which is seasonally adjusted. The DAA ended the year with a positive variance of over 536k.

\* The results of this report are final, as the year-end audit is complete.

\* Revenue's largest variance from budget comes from concession revenue in nearly all categories due to increased passenger traffic. Revenue is nearly 463k over budget.

\* Expense's largest variance from budget comes from audit adjustments made at year-end to account for other post-employment benefits. Supplies were under budget, while contracted services were over budget, leaving us at year-end nearly \$50k over budget in expenses.

Duluth Airport Authority						
DAA Board Packet Budget vs. Actual						
Jan 2019, Feb 2019, Mar 2019						
Unaudited						
Financial Row	Prior Year Actual (Jan 2018 - Mar 2018)	Current Year Actual (Jan 2019 - Mar 2019)	Current Year Budget Amount (Jan 2019 - Mar 2019)	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2019 - Adjust 2019)
<b>Ordinary Income/Expense</b>						
Income						
Non-Aeronautical Revenue	645,551	688,334	639,758	42,783	48,576	2,651,808
Non-Passenger Aeronautical Revenue	394,348	362,019	358,086	(32,329)	3,934	1,510,738
Passenger Airline Aeronautical Revenue	294,991	344,294	351,947	49,303	(7,653)	1,407,786
<b>Total - Income</b>	<b>1,334,890</b>	<b>1,394,648</b>	<b>1,349,790</b>	<b>59,757</b>	<b>44,857</b>	<b>5,570,332</b>
Gross Profit	1,334,890	1,394,648	1,349,790	59,757	44,857	5,570,332
Expense						
Miscellaneous Expenses	8,534	7,078	7,267	(1,456)	(189)	29,625
Personnel Compensation & Benefits	444,412	492,800	521,201	48,387	(28,401)	2,210,849
Services and Charges	443,938	434,420	446,796	(9,518)	(12,376)	1,614,373
Supplies	99,596	166,734	129,800	67,138	36,934	461,435
<b>Total - Expense</b>	<b>996,480</b>	<b>1,101,032</b>	<b>1,105,064</b>	<b>104,551</b>	<b>(4,032)</b>	<b>4,316,282</b>
<b>Net Ordinary Income</b>	<b>338,410</b>	<b>293,616</b>	<b>244,726</b>	<b>(44,794)</b>	<b>48,889</b>	<b>1,254,050</b>
Other Income and Expenses						
Other Income						
Non-Operating Revenue	142,890	157,240	132,000	14,350	25,240	524,000
<b>Total - Other Income</b>	<b>142,890</b>	<b>157,240</b>	<b>132,000</b>	<b>14,350</b>	<b>25,240</b>	<b>524,000</b>
Other Expense						
Non-Operating Expense	85,086	75,356	95,356	(9,730)	(20,000)	379,834
<b>Total - Other Expense</b>	<b>85,086</b>	<b>75,356</b>	<b>95,356</b>	<b>(9,730)</b>	<b>(20,000)</b>	<b>379,834</b>
<b>Net Other Income</b>	<b>57,804</b>	<b>81,884</b>	<b>36,644</b>	<b>24,080</b>	<b>45,240</b>	<b>144,166</b>
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	<b>396,214</b>	<b>375,500</b>	<b>281,371</b>	<b>(20,714)</b>	<b>94,129</b>	<b>1,398,216</b>
Projects/Grants	(1,237,789)	(3,329,646)	4,560,976	(2,091,857)	(7,890,623)	18,243,905
Depreciation & Amortization	(2,566,970)	(9,098)	(2,400,993)	2,557,872	2,391,895	(9,588,809)
<b>Net Income</b>	<b>(3,408,546)</b>	<b>(2,963,245)</b>	<b>2,441,354</b>	<b>445,301</b>	<b>(5,404,598)</b>	<b>10,053,312</b>

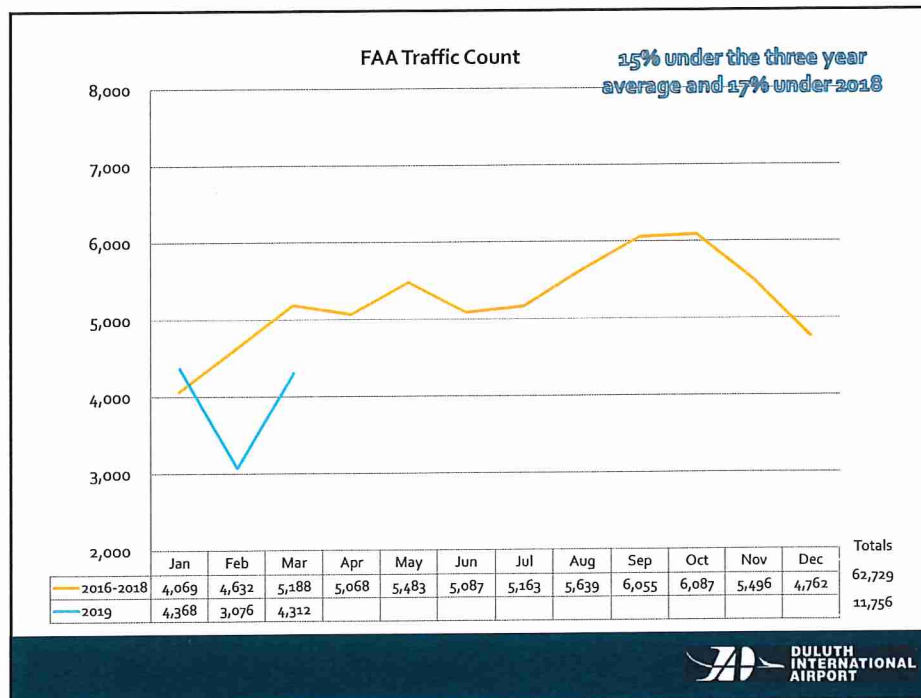
\* This report is based on an allocated budget, which is seasonally adjusted. At this time the DAA is at a positive variance of over 94k.

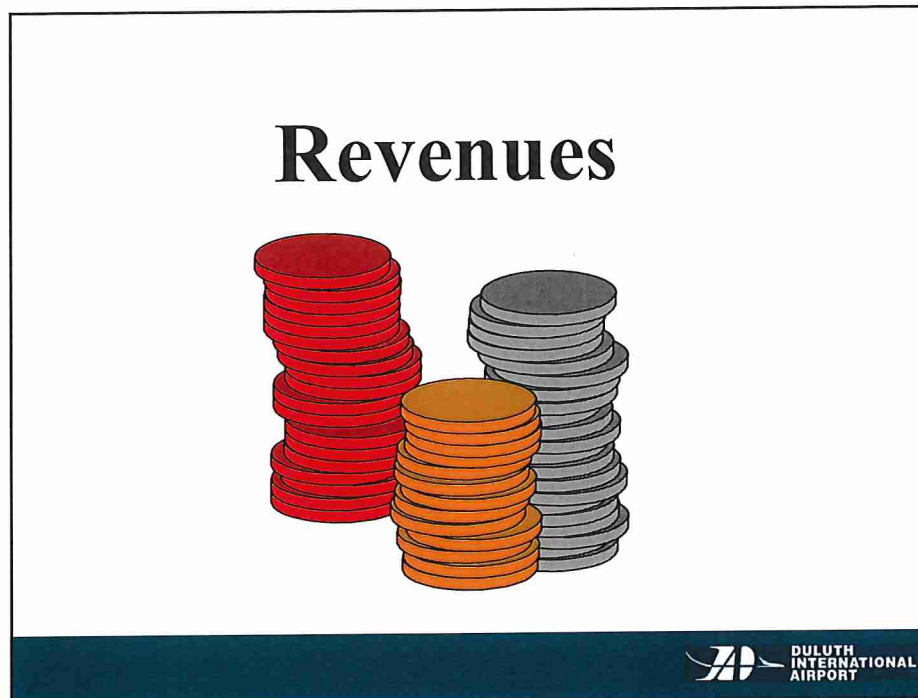
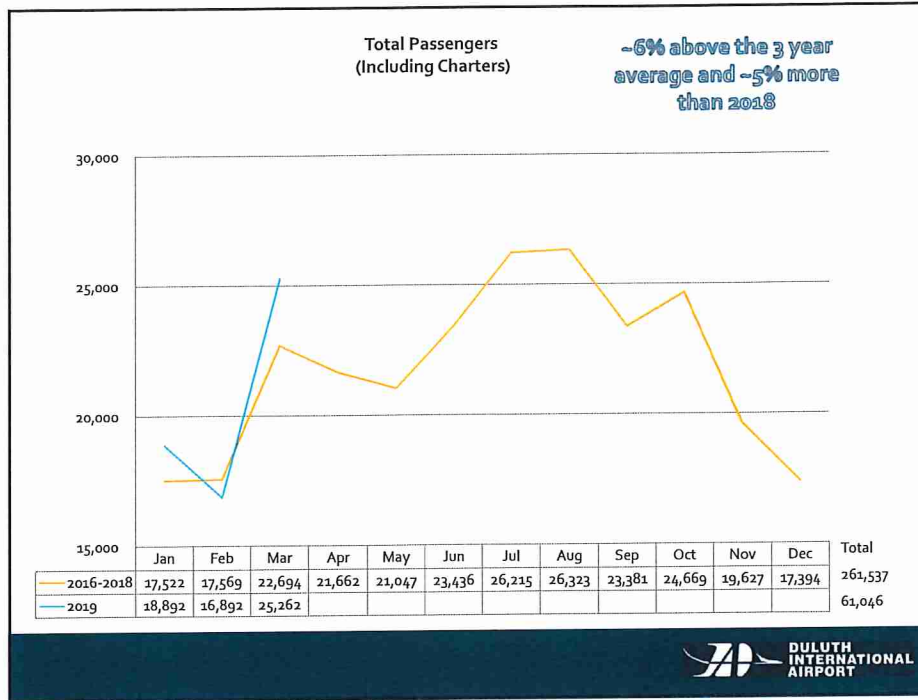
\* The results of this report are expected to change slightly with adjustments as delays in receipt of invoices occurs from time to time.

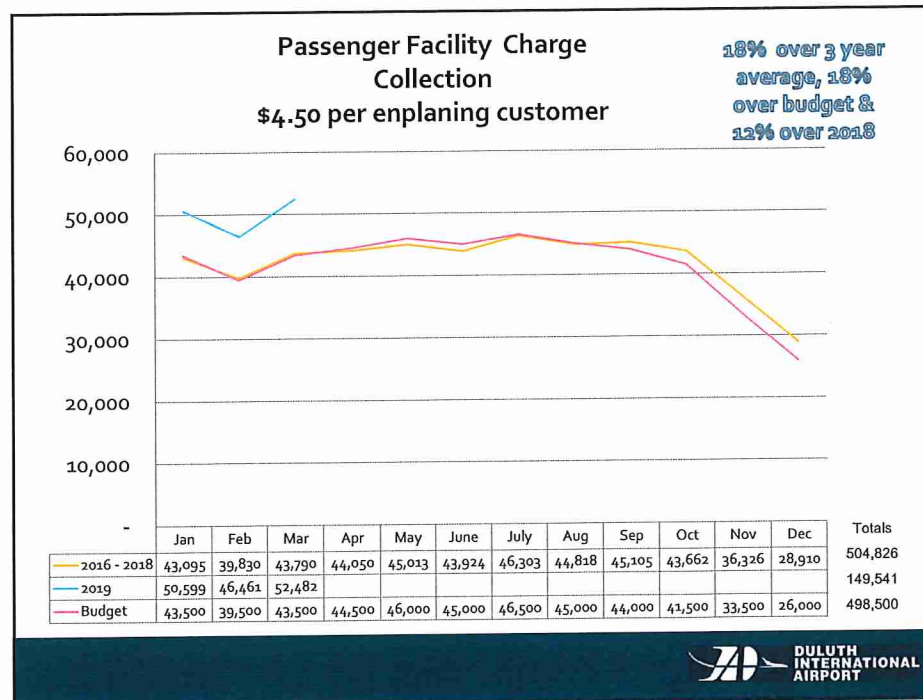
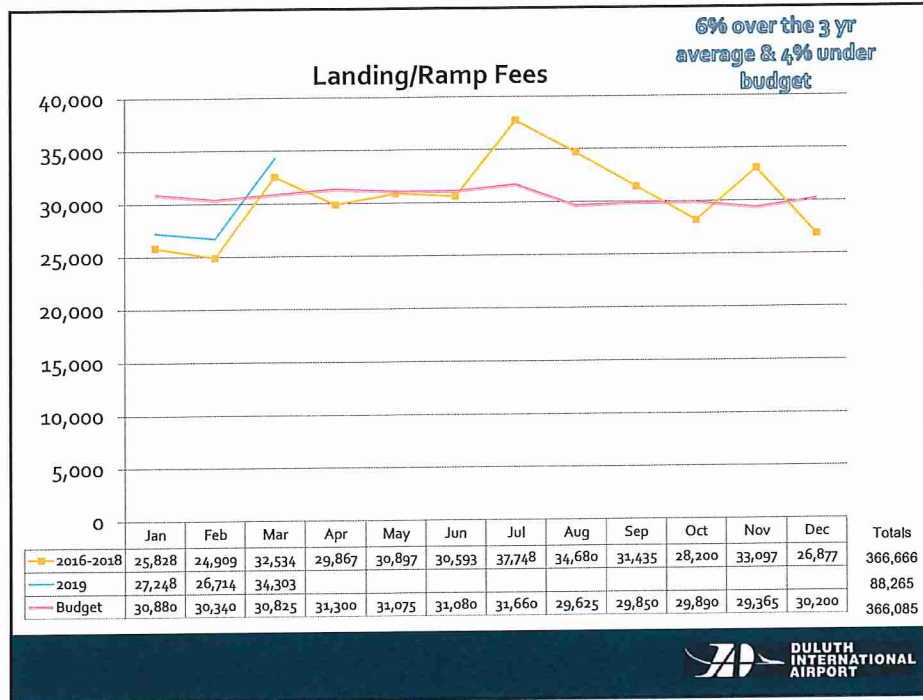
\* The largest variance from budget in revenues comes from concession revenue specifically parking and car rental concessions. Revenue is nearly 45k over budget.

\* The largest variance from budget in expenses comes from increased fuel and sand costs of over 50k due to the harsh winter conditions and increased per gallon price of fuel. Fortunately personnel compensation and benefits is 28k under budget and services and charges is over 12k under budget, which leave us with an expense total of just over \$4k under budget.

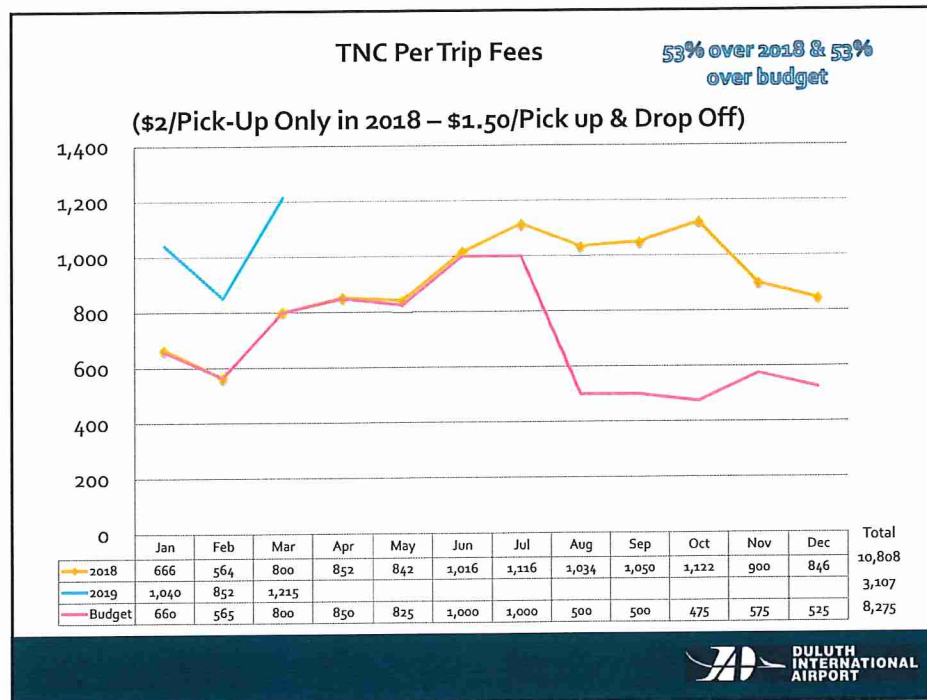
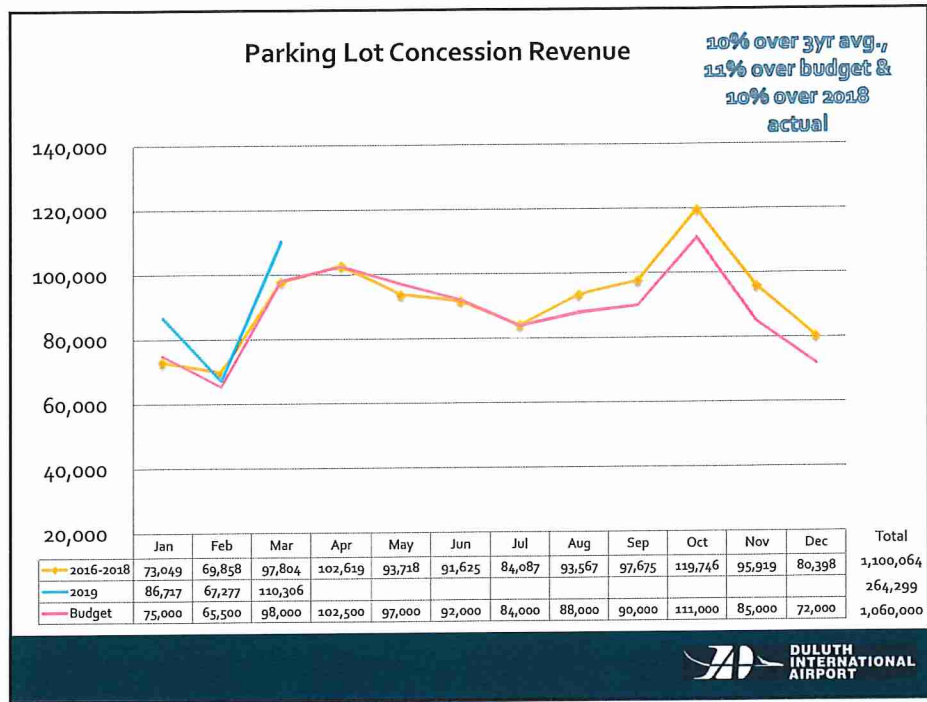
\* Non-operating income is up due to increased PFC collections while expenses are down 20k in budgeted interest expenses on the line of credit since it has not yet been used this year.

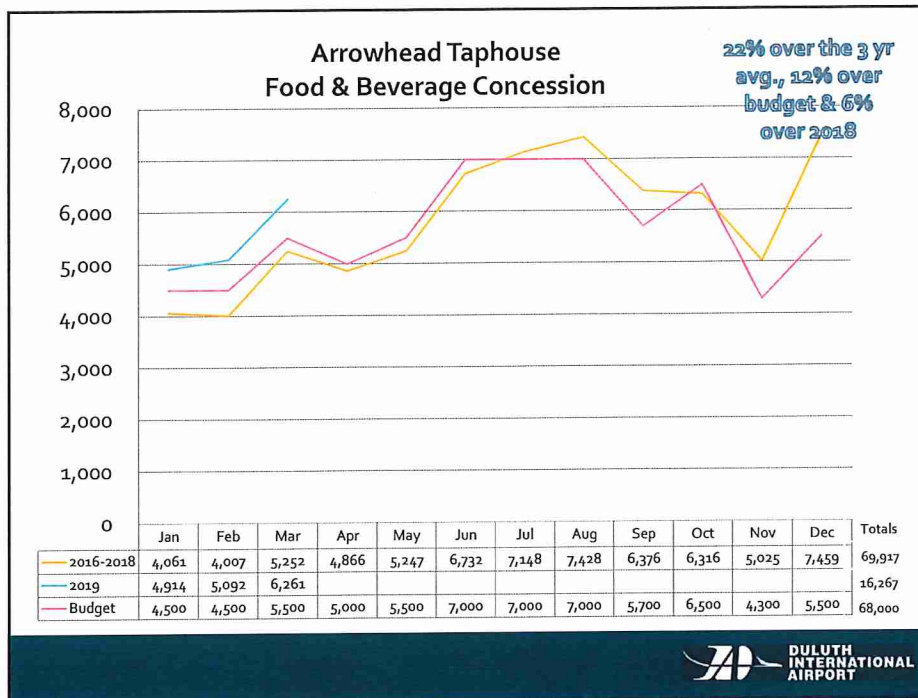
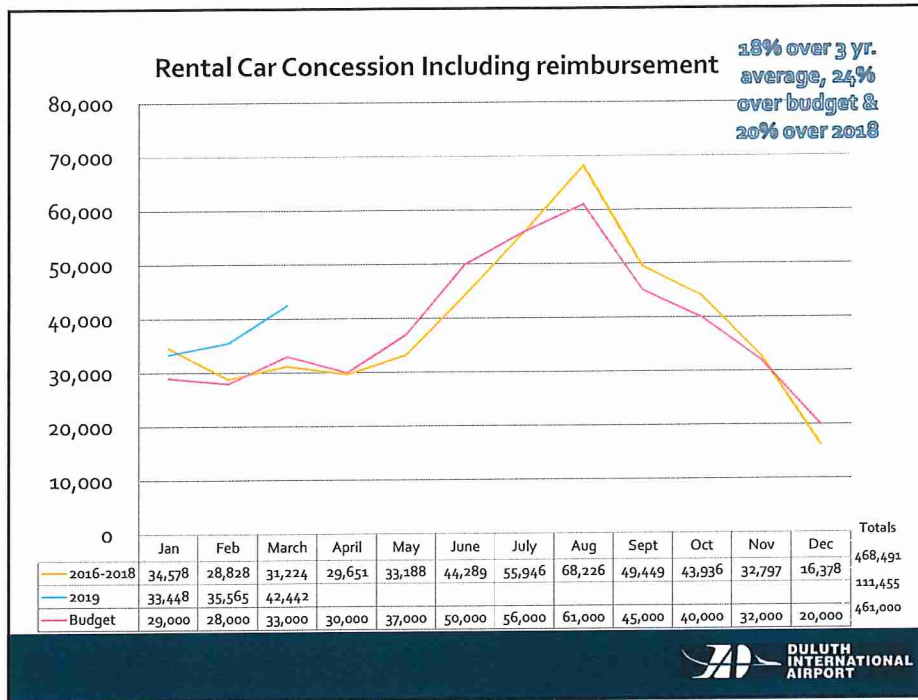


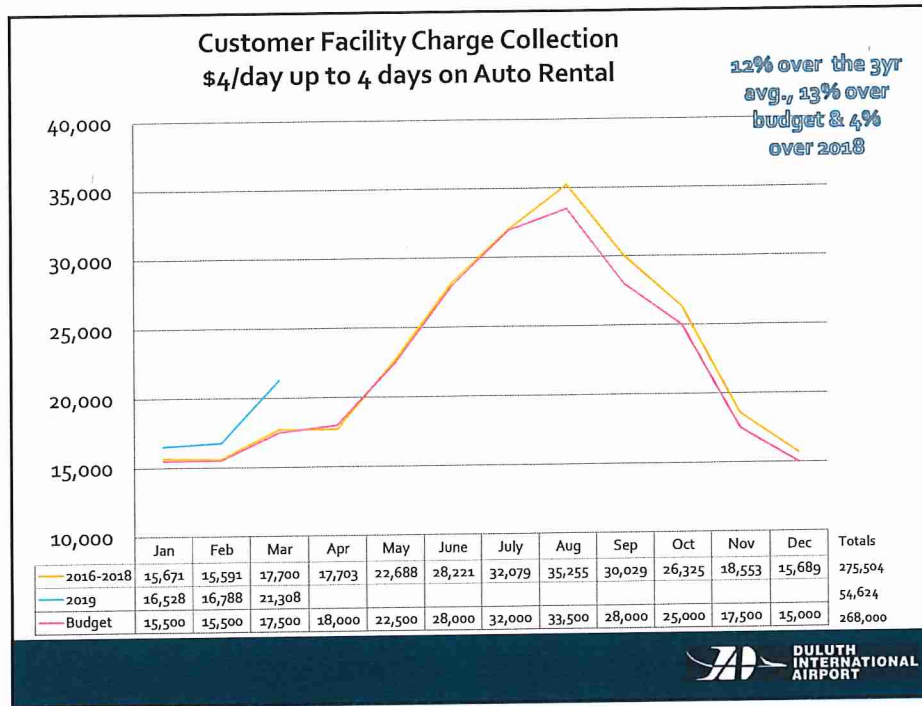







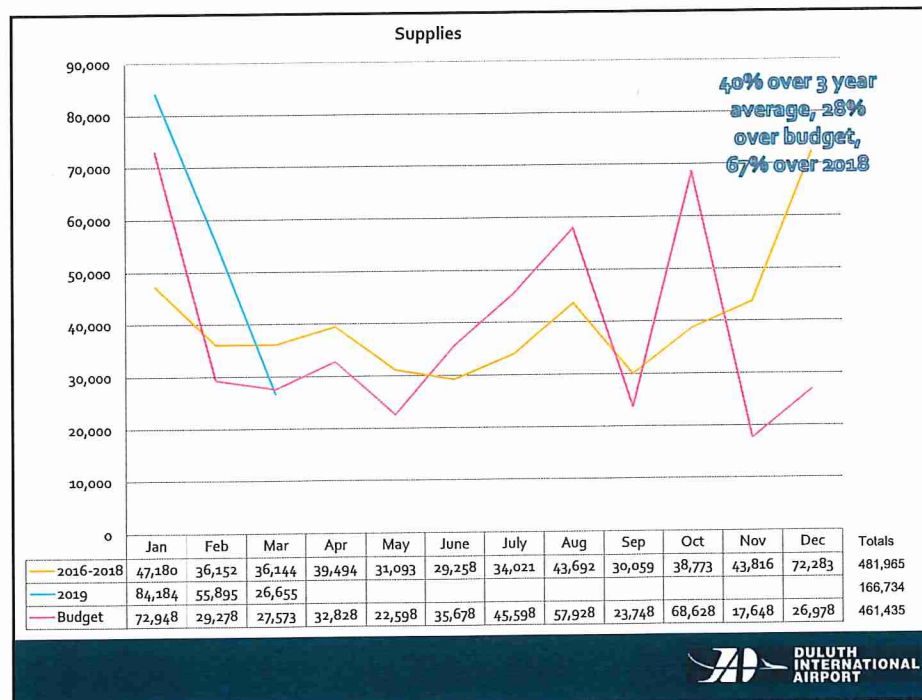
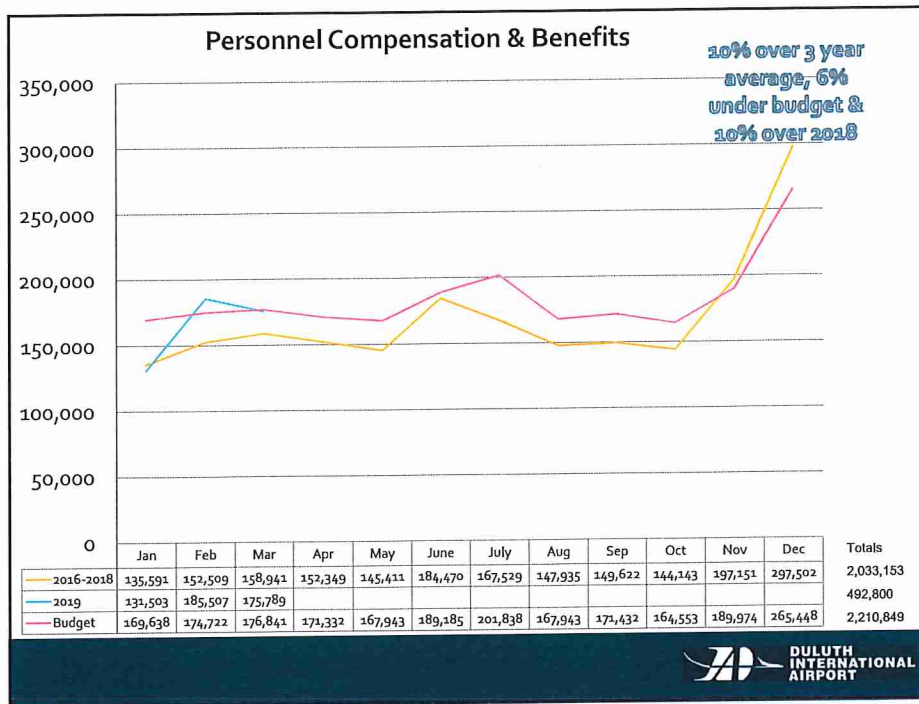


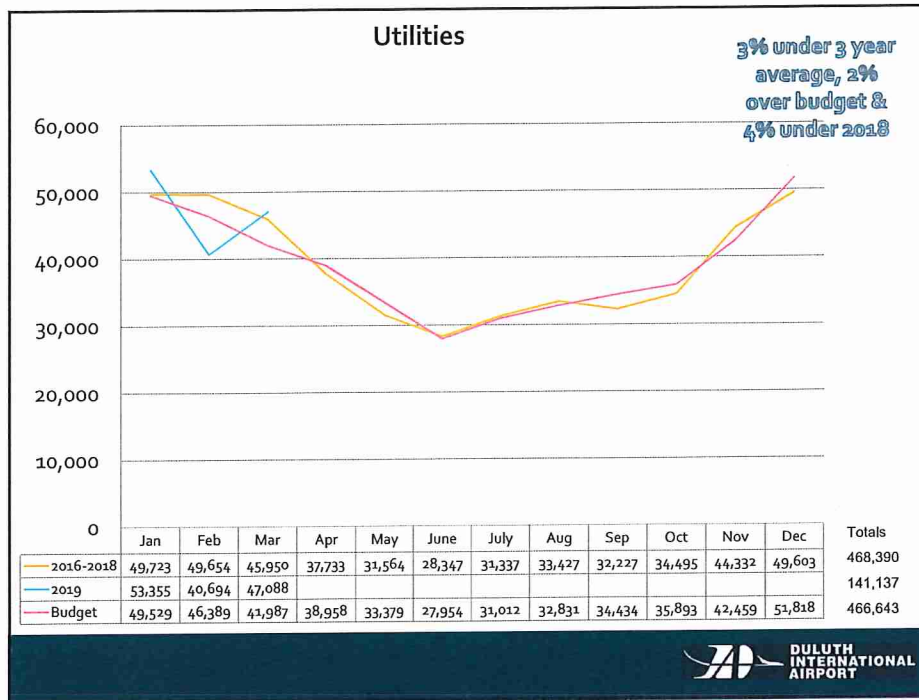


# Operating Expenditures

**DULUTH INTERNATIONAL AIRPORT**





### Long-Term Liabilities

Fund Source	City Loan 1 (Bonding)				City Loan 2 (Bonding)	DEDA Amort	NCA Loan	City Loan 3 (Bonding)	Total Annual Long-Term Liability
	CFC	PFC	OPERATING	DAA Total	PARKING REVENUES	0%	8.85%	LSC RENT	
2012	192,681.26	321,781.26	107,518.76	621,981.28	-	26,666.64	75,000.00	-	723,647.92
2013	189,981.26	322,281.26	111,018.76	623,281.28	-	26,666.64	75,000.00	-	724,947.92
2014	192,281.26	322,681.26	109,418.76	624,381.28	115,718.04	26,666.64	75,000.00	-	841,765.96
2015	194,481.26	322,981.26	107,818.76	625,281.28	338,981.26	26,666.64	75,000.00	-	1,065,929.18
2016	191,581.26	323,181.26	106,218.76	620,981.28	340,571.26	26,666.64	75,000.00	242,752.33	1,305,971.51
2017	193,681.26	323,281.26	109,618.76	626,581.28	336,071.26	26,666.64	75,000.00	247,137.50	1,311,456.68
2018	190,681.26	323,281.26	107,918.76	621,881.28	335,446.26	26,666.64	75,000.00	247,337.50	1,306,331.68
2019	192,681.26	323,181.26	106,218.76	622,081.28	338,776.26	26,666.64	37,500.00	247,387.50	1,272,411.68
2020	194,193.76	322,331.26	109,306.26	625,831.28	336,336.26	26,666.64	-	247,287.50	1,236,121.68
2021	195,393.76	326,037.50	107,168.76	628,600.02	338,006.26	2,222.62	-	247,037.50	1,215,866.40
2022	191,268.76	324,162.50	109,918.76	625,350.02	338,443.76	-	-	246,637.50	1,210,431.28
2023	191,937.50	321,812.50	107,425.00	621,175.00	338,108.76	-	-	246,087.50	1,205,371.26
2024	192,050.00	323,618.76	109,693.76	625,362.52	336,971.26	-	-	245,387.50	1,207,721.28
2025	191,800.00	324,768.76	111,693.76	628,262.52	340,143.76	-	-	244,537.50	1,212,943.78
2026	196,175.00	325,237.50	108,412.50	629,825.00	337,393.76	-	-	243,437.50	1,210,656.26
2027					339,218.76			246,877.50	586,096.26
2028								244,675.00	244,675.00
2029								246,975.00	246,975.00
2030								243,695.00	243,695.00

**DULUTH INTERNATIONAL AIRPORT**



# 2019 SKY HARBOR AIRPORT Financials

Financial Row	Prior Year Actual (Jan 2018 - Mar 2018)	Current Year Actual (Jan 2019 - Mar 2019)	Budget Amount (Jan 2019 - Mar 2019)	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2019 - Adjust 2019)
<b>Ordinary Income/Expense</b>						
Income						
Non-Aeronautical Revenue	315	387	476	72	(89)	22,450
Non-Passenger Aeronautical Revenue	9,631	11,246	9,784	1,615	1,462	112,444
<b>Total - Income</b>	<b>9,946</b>	<b>11,633</b>	<b>10,260</b>	<b>1,687</b>	<b>1,373</b>	<b>134,894</b>
Gross Profit	9,946	11,633	10,260	1,687	1,373	134,894
Expense						
Miscellaneous Expenses	455	48	580	(408)	(532)	2,350
Personnel Compensation & Benefits	13,374	13,321	19,799	(53)	(6,478)	79,198
Services and Charges	5,164	5,751	5,346	587	405	23,560
Supplies	9,307	3,999	10,042	(5,308)	(6,043)	65,845
<b>Total - Expense</b>	<b>28,301</b>	<b>23,119</b>	<b>35,768</b>	<b>(5,182)</b>	<b>(12,649)</b>	<b>170,953</b>
<b>Net Ordinary Income</b>	<b>(18,355)</b>	<b>(11,486)</b>	<b>(25,508)</b>	<b>6,869</b>	<b>14,023</b>	<b>(36,059)</b>
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	<b>(18,355)</b>	<b>(11,486)</b>	<b>(25,508)</b>	<b>6,869</b>	<b>14,023</b>	<b>(36,059)</b>
Projects/Grants	2,351,602	394,347	1,039,451	(1,957,255)	(645,104)	4,157,804
Depreciation & Amortization	(162,969)	0	0	162,969	0	0
<b>Net Income</b>	<b>2,170,278</b>	<b>382,861</b>	<b>1,013,942</b>	<b>(1,787,417)</b>	<b>(631,081)</b>	<b>4,121,745</b>

- Sky Harbor is operating with a positive variance vs budget of over \$14k.
- Revenues are nearly 1.4k over budget and expenses are over 12k under budget.

## Questions ...



## MINUTES



# DULUTH INTERNATIONAL AIRPORT

Travel Globally. Fly Locally.

**DRAFT**

## MINUTES OF THE MEETING

DATE: April 16, 2019

PLACE: Amatuzio Conference Room  
Duluth International Airport, Duluth, MN

DIRECTORS PRESENT: Ken Butler  
Craig Fellman  
Richard Stewart  
Todd Fedora  
Kim Maki  
Don McIsaac

DIRECTORS ABSENT: Anna Tanski

OTHERS PRESENT: Tom Werner, Executive Director  
Mary Ann Wittkop, Recording Secretary  
Blaine Peterson, Director of Operations  
Natalie Peterson, Director of Communications & Marketing  
Joelle Bodin, Director of Finance & Administration  
Brian Madsen, Sky Harbor Manager  
Benita Crow, SEH  
Kaci Nowicki, SEH  
Shawn McMahon, SEH  
Don Monaco, Monaco Air Duluth  
Bill King, Cirrus Design  
Peter DeSutter, AAR  
Ryan Jones, KLJ  
Eric Monson, LSH

President Butler welcomed everyone and called the meeting to order at 8:00 a.m. He reminded the public to sign in for the Opportunity to be Heard section. He invited Mr. Tom Werner, Executive Director, to present on the Executive review. Mr. Werner updated on the following:

### EXECUTIVE DIRECTOR'S REVIEW

Air Service: Holding strong with a 5.5% increase year to date (YTD) passenger from March 2018 to 2019. Delta has a slight decrease with 2.1% YTD and United had another strong performance with a 16.8% increase – first overlap with the Airbus service and have a 14.6% increase, very happy with passenger demand; reminded the Board that United switched from prorate to CPA on March 31st. Nashville Charter – will not be happening due to advanced bookings falling short.

- Airfield operations and development:
  - \* Airside: Mr. Werner presented an update on DLH Air Service – highlighted 2018 air service top domestic originating, destination, growth markets and the capacity outlook moving forward in 2019, United is showing confidence in the market; he touched on market share leakage, questions and discussion followed. Mr. Werner explained they are refining the proposal on the FAR Part 150 noise study; anticipate approval by the Board next month. Mr. Blaine Peterson, Director of Operations, updated on weather impacts due to the dense fog in early April and from the storm last week; several diversions and for the first time, use of the Customs facility -- everything went smoothly. Mr. Peterson described the Instrument Landing Systems (ILS), its purpose and how it works; the ILS is shut down at this time, spoke on the technical issues and possible solutions, questions followed. Mr. Peterson updated on the Runway 9/27 reconstruction Phase 3 – plan to start construction on Monday, May 13<sup>th</sup>, preconstruction meeting scheduled for April 22<sup>nd</sup> and the third workgroup construction meeting is scheduled for May 10<sup>th</sup>; anticipate presenting for Board approval in May and the grant process to follow. Questions and discussion followed
  - \* Sky Harbor: Mr. Peterson invited Ms. Kaci Nowicki and Ms. Benita Crow, SEH, to present on the Sky Harbor Airport runway realignment project. Ms. Crow gave a brief background recap on the environmental and construction process; she overviewed on the three phases and timelines; she reviewed the two key issues – runway pavement width and modifications to the scheduling, spoke on the public outreach and support for these issues. Ms. Nowicki overviewed and detailed on the airport owned land release to MnDNR and the LCCMR funding, timeline and schedule process.
  - \* Mr. Peterson presented a handout for the 2019 Capital Improvement Projects (CIP). He summarized and reviewed on the Duluth International and Sky Harbor airport projects. He explained the Passenger Facility Charges (PFC) local share for projects. This will be brought to the Board next month for approval.
  - \* Mr. Peterson updated on the FAA's Radio Transmitter Receiver (RTR). He explained current location, relocation plans to Sky Harbor Airport, use for the RTR and public outreach; continue to develop plans.
- Business/Property Development: Mr. Werner reviewed on the American Airline (AA) build-out. AA has announced Envoy as their ground handlers; Monaco Air will do the fueling and de-icing. They are in the process of hiring for the launch in May.
- Financial: Mr. Werner explained the first quarter financial would be presented in May. Ms. Joelle Bodin, Director of Finance and Administration, spoke on the State Audit -- completed the end of April. In May, along with the first quarter financials, she will speak on the 2018 review based on the audit numbers.
- Marketing: Ms. Natalie Peterson, Director of Communications & Marketing, the Fly Local campaign has launched; have had meetings with organizations and companies, great conversation and connection – campaign has been well received. Mr. Werner detailed further -- an additional opportunity to talk about the Denver project – a continuing process, more to come. The American Airlines launch is May 23<sup>rd</sup>; she reviewed the event plans,

marketing strategies, social media giveaways, treats – bringing a lot of great energy.

- Legislative: Last week Mr. Werner participated in the Aviation Days at the Capitol; updated on the Airport Zoning Legislation, he detailed on the House and Senate bill process. Passenger Facility Charge (PFC) increase, overviewed on the roundtable for a PFC discussion with Congressman Stauber and MCOA representatives in April – spoke on the agenda included in the correspondence section, hope to gain his support, a very good meeting.
- Other: Mr. Peterson updated on the Joint Airport Zoning Board (JAZB) and the draft zoning ordinance meetings and process -- moving forward.

Questions and discussion followed on several of the Executive Director's review items. Dir. Stewart moved to approve the March 19, 2019 meeting minutes and other consent items. Dir. Fellman seconded. Motion carried.

#### CONSENT ITEMS

Cash Disbursement Sheets #6 and #7, 2019. Construction Fund Sheet #4, 2019.

Duluth International Airport News: Star Tribune News Release "Shuttle between MSP and Duluth and Mankato Airports to launch with \$9 Fares.

E-Mail from Monaco Air Foundation with summary of March 2019 Activities.

Request letter from DAA to FAA for approval of Work Order #6-2015 for the 2015 Runway 9/27 Reconstruction Phase 1, as presented by SEH and Braun Intertec.

Request Letter from DAA to FAA for approval of Work Order #2016-4 for the 2016 Runway 9/27 Reconstruction Phase 2, as presented by SEH and Braun Intertec.

Monthly Duluth International Airport tenant operations meeting minutes.

Request letter from Citizens Committee Environment Concerns (CCEC) to DAA for draft copies of the Airport Master Plan and 2019 Zoning Plan.

Passenger Facility Charge Roundtable 8th Congressional District Commercial Service Airports agenda and information.

Metropolitan Airports Commission (MAC) Newsletter.

Link for Metropolitan Airports Commission (MAC) Commission minutes --  
<https://metroairports.org/Airport-Authority/Metropolitan-Airports-Commission/Public-Meetings/Board-Meetings.aspx>

#### OPPORTUNITY FOR PERSONS TO BE HEARD

None.



### OLD BUSINESS

Mr. Peterson overviewed the amendments for Items A and B and recommended approval. Dir. administration, observation and closeout for Runway 9/27 reconstruction, phase 1 (center section) Duluth International Airport (DLH) and amendment #1 for SEH Work Order No. 2016-4 for construction administration, observation and closeout for Runway 9/27 reconstruction, phase 2 (west section) Duluth International Airport (DLH). Dir. Stewart seconded. Motion carried.

### NEW BUSINESS

Ms. Peterson explained the air service marketing grant and recommended approval. Dir. Stewart moved to accept and approve the resolution for the 2020 MnDOT Air Service Marketing grant and to authorize the Duluth Airport Authority's President and Secretary to execute the grant. Dir. Maki seconded. Motion carried.

Mr. Peterson overviewed on the Sky Harbor grant. Dir. Fedora moved to accept and approve the resolution for the MnDOT grant agreement No. 1033192 for supplemental EAW for 75-foot runway width at Sky Harbor Airport and to authorize the Duluth Airport Authority's President and Secretary to execute the grant. Dir. Stewart seconded. Motion carried.

Mr. Peterson explained the work order to go along with the grant and recommended approval. Dir. Maki moved to approve the resolution for SEH work order No. 2019-1 for the supplemental Environmental assessment (EA) – 75-foot runway width Duluth Sky Harbor Airport (DYT). Dir. Stewart seconded. Motion carried.

Mr. Peterson expressed his appreciation and recognition to the snow removal maintenance personnel for their dedication and hard work in keeping the runway safe and operational during regular and severe winter operations. Dir. McIsaac moved to approve the resolution to approve incentive award payments of \$300 for outstanding performance per the DAA Operation Policy #5 Employee Incentive Awards to the following employees – Mr. Paul Sinnott, Mr. Dan Taylor, Mr. Matthew Johnson, Mr. David Cooke, Mr. Michael Amlin, Mr. Wayne Fichtner, Mr. Roger Engelmeier, Mr. Wade Cossalter and Mr. Derek Anderson. Dir. Stewart seconded. Motion carried.

Ms. Bodin spoke on the amendment to the contract. Dir. Fedora moved to approve the resolution to amend the Executive Director contract. Dir. Stewart seconded. Motion carried.

Mr. Werner briefed and overviewed on the scopes for Items F, G and H, he recommended approval for all three resolutions. Dir. McIsaac moved to approve the resolution for the Duluth

International Airport (DLH) Master Plan Scope and Exhibit A property map; resolution for the SEH Work Order No. 2019-2 for Exhibit A property map for Duluth International Airport (DLH) and resolution for the SEH Work Order No. 2019-3 for the Airport Master Plan and Airport Layout Plan for Duluth International Airport (DLH). Dir. Maki seconded. Motion carried.

Mr. Peterson gave background information and reviewed the tax-forfeited land; he recommended approval. Questions followed. Dir. Maki abstained from the discussion and vote. Dir. Fedora moved to approve the resolution for authorizing application for a state conditional use deed for tax-forfeited land. Dir. Fellman seconded. Motion carried.

Dir. McIsaac commended Mr. Werner for his efforts and actions in helping with the return of Petty Office Second Class Dante Tini, a soldier from Pearl Harbor.

Dir. Maki moved to adjourn the meeting. Dir. Stewart seconded. Motion carried. President Butler adjourned the April 16<sup>th</sup> DAA Board meeting at 9:27 a.m.

Respectfully submitted,

Mary Ann Wittkop  
Recording Secretary

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_

**CASH DISBURSEMENTS**



# Duluth Airport Authority Operating Check Register

April 19-2019

CD 08-2019

## DAA Operating Check Register

Document #	Date	Transaction	Payee	Amount
7293	4/19/2019	BILLPMT	Airgas North Central	\$88.01
7294	4/19/2019	BILLPMT	Ameripride Linen & Apparel Services	\$146.27
7295	4/19/2019	BILLPMT	Arrowhead Tap House	\$569.61
7296	4/19/2019	BILLPMT	Auto-Owner's Insurance	\$7,888.24
7297	4/19/2019	BILLPMT	Aviation Security Clearinghouse	\$500.00
7298	4/19/2019	BILLPMT	Blueglobes LLC	\$49.23
7299	4/19/2019	BILLPMT	Bodin, Joelle	\$60.00
7300	4/19/2019	BILLPMT	Caywood Oil, LLC	\$981.82
7301	4/19/2019	BILLPMT	Century Link	\$338.82
7302	4/19/2019	BILLPMT	Charter Communications	\$135.09
7303	4/19/2019	BILLPMT	City Of Duluth Comfort Systems	\$12,361.80
7304	4/19/2019	BILLPMT	City Of Duluth, Minnesota	\$92,306.45
7305	4/19/2019	BILLPMT	Como Lube & Supplies	\$75.00
7306	4/19/2019	BILLPMT	Diamond Mowers, Inc.	\$2,576.10
7307	4/19/2019	BILLPMT	General Security Services Corporation	\$15,112.39
7308	4/19/2019	BILLPMT	Grainger	\$47.21
7309	4/19/2019	BILLPMT	Inter City Oil (ICO)	\$2,768.04
7310	4/19/2019	BILLPMT	Jamar Company	\$7,675.00
7311	4/19/2019	BILLPMT	Kaysen, Jana	\$60.00
7312	4/19/2019	BILLPMT	Konecranes	\$435.00
7313	4/19/2019	BILLPMT	Kraemer Construction, Inc.	\$60.00
7314	4/19/2019	BILLPMT	Landrum and Brown, Incorporated	\$2,000.00
7315	4/19/2019	BILLPMT	Madsen, Brian	\$60.00
7316	4/19/2019	BILLPMT	MailFinance	\$266.82
7317	4/19/2019	BILLPMT	MB Companies inc.	\$3,319.09
7318	4/19/2019	BILLPMT	Menards	\$254.34
7319	4/19/2019	BILLPMT	Mid-Hudson Photo ID	\$445.00
7320	4/19/2019	BILLPMT	Minnesota Power	\$30,214.40
7321	4/19/2019	BILLPMT	Minnesota State Lottery	\$100.00
7322	4/19/2019	BILLPMT	MN Dept of Empl & Econ. Development	\$2,222.22
7323	4/19/2019	BILLPMT	NAPA Auto Parts	\$2,188.41
7324	4/19/2019	BILLPMT	Nextera Communications	\$1,019.23
7325	4/19/2019	BILLPMT	Northern Engine & Supply	\$34.60
7326	4/19/2019	BILLPMT	Northern States Supply, Inc.	\$240.26
7327	4/19/2019	BILLPMT	Northern Tool + Equipment	\$24.99
7328	4/19/2019	BILLPMT	NorthStar Ford	\$164.34
7329	4/19/2019	BILLPMT	Peterson, Blaine	\$60.00
7330	4/19/2019	BILLPMT	Peterson, Natalie	\$60.00
7331	4/19/2019	BILLPMT	Peterson, Natalie	\$85.99
7332	4/19/2019	BILLPMT	Pomp's Tire Service, Inc.	\$1,536.00
7333	4/19/2019	BILLPMT	Praxair Distribution Inc.	\$248.47
7334	4/19/2019	BILLPMT	Sam's Club	\$492.99
7335	4/19/2019	BILLPMT	Sinnott, Paul	\$60.00
7336	4/19/2019	BILLPMT	St. Louis County	\$668.00
7337	4/19/2019	BILLPMT	Swanson, Richard	\$1,555.50
7338	4/19/2019	BILLPMT	Taylor, Dan	\$60.00
7339	4/19/2019	BILLPMT	Wabrowetz, Steve	\$60.00
7340	4/19/2019	BILLPMT	Waste Management of WI-MN	\$2,838.86
7341	4/19/2019	BILLPMT	Welch, Ryan	\$60.00
7342	4/19/2019	BILLPMT	Werner, Thomas	\$60.00
7343	4/19/2019	BILLPMT	Ziegler, Inc.	\$628.38
7344	4/19/2019	BILLPMT	Waste Management of WI-MN	\$2,838.86
7345	4/19/2019	BILLPMT	Welch, Ryan	\$60.00
7346	4/19/2019	BILLPMT	Werner, Thomas	\$60.00
7347	4/19/2019	BILLPMT	Ziegler, Inc.	\$628.38
Total				\$198,849.21

Void Check #7340 Dated 04/19/2019 Payable to Waste Management -2,838.86  
 Void Check #7341 Dated 04/19/2019 Payable to Ryan Welch -60  
 Void Check #7342 Dated 04/19/2019 Payable to Thomas Werner -60  
 Void Check #7343 Dated 04/19/2019 Payable to Ziegler 628.38

Approvals:

Total

195,261.97

Airport Director

Airport Authority


City Treasurer

**Duluth Airport Authority  
Operating Check Register  
May 3, 2019 - May 3, 2019  
CD 09-2019**

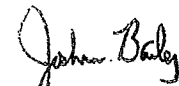
**DAA Operating Check Register**

Document #	Date	Transaction	Payee	Amount
7348	5/3/2019	BILLPMT	Advanced Services, Inc	\$100.00
7349	5/3/2019	BILLPMT	Ameripride Linen & Apparel Services	\$245.14
7350	5/3/2019	BILLPMT	AT&T Mobility	\$182.70
7351	5/3/2019	BILLPMT	Aviation Security Clearinghouse	\$1,500.00
7352	5/3/2019	BILLPMT	Blueglobes LLC	\$5,887.99
7353	5/3/2019	BILLPMT	Bobcat Of Duluth, Inc.	\$223.27
7354	5/3/2019	BILLPMT	Budget Rent A Car	\$273.48
7355	5/3/2019	BILLPMT	Como Lube & Supplies	\$180.00
7356	5/3/2019	BILLPMT	Dalco	\$426.74
7357	5/3/2019	BILLPMT	Dash Express, LLC	\$80.00
7358	5/3/2019	BILLPMT	Denny's Lawn And Garden	\$29.12
7359	5/3/2019	BILLPMT	Duluth Lawn & Sport	\$47.19
7360	5/3/2019	BILLPMT	Grainger	\$568.36
7361	5/3/2019	BILLPMT	GSA, FAS, 4QSCC	\$11,500.00
7362	5/3/2019	BILLPMT	Hagen's Glass and Paint	\$150.00
7363	5/3/2019	BILLPMT	Hermantown Radiator Repair	\$279.95
7364	5/3/2019	BILLPMT	iFIDS.com Inc.	\$125.00
7365	5/3/2019	BILLPMT	Jamar Company	\$13,138.49
7366	5/3/2019	BILLPMT	Johnson Controls	\$14,522.20
7367	5/3/2019	BILLPMT	Kayser, Jana M.	\$561.72
7368	5/3/2019	BILLPMT	LBC, Inc.	\$1,455.00
7369	5/3/2019	BILLPMT	Lumacurve Airfield Signs	\$4,141.43
7370	5/3/2019	BILLPMT	Madsen, Brian	\$14.05
7371	5/3/2019	BILLPMT	Marsden Building Maintenance	\$14,786.00
7372	5/3/2019	BILLPMT	Menards	\$316.26
7373	5/3/2019	BILLPMT	Metro Sales, Inc.	\$630.84
7374	5/3/2019	BILLPMT	Minnesota Locksmith	\$25.00
7375	5/3/2019	BILLPMT	Minnesota Petroleum Service	\$166.50
7376	5/3/2019	BILLPMT	Minnesota Pollution Control Agency	\$425.00
7377	5/3/2019	BILLPMT	MN Dept of Labor and Industry	\$90.00
7378	5/3/2019	BILLPMT	NAPA Auto Parts	\$110.60
7379	5/3/2019	BILLPMT	Northern Business Products, Inc.	\$157.42
7380	5/3/2019	BILLPMT	Northern Engine & Supply	\$176.57
7381	5/3/2019	BILLPMT	Northern States Supply, Inc.	\$58.15
7382	5/3/2019	BILLPMT	Northland Fire & Safety, Inc.	\$100.00
7383	5/3/2019	BILLPMT	NorthStar Ford	\$9.43
7384	5/3/2019	BILLPMT	Peterson, Natalie	\$28.34
7385	5/3/2019	BILLPMT	Pomp's Tire Service, Inc.	\$2,726.06
7386	5/3/2019	BILLPMT	Republic Parking System, LLC	\$1,100.00
7387	5/3/2019	BILLPMT	Sam's Club	\$153.62
7388	5/3/2019	BILLPMT	Schindler Elevator Corp.	\$1,187.26
7389	5/3/2019	BILLPMT	SERVPRO	\$1,500.00
7390	5/3/2019	BILLPMT	St. Louis County	\$1,820.00
7391	5/3/2019	BILLPMT	State Supply	\$310.12
7392	5/3/2019	BILLPMT	Swanson, Richard	\$1,632.00
7393	5/3/2019	BILLPMT	United Truck Body Company, Inc.	\$70.40
7394	5/3/2019	BILLPMT	Visit Duluth	\$300.00
7395	5/3/2019	CHK	WF Bus Payment Processing - Joelle	\$1,718.37
7396	5/3/2019	CHK	WF Bus Payment Processing - Tom	\$494.26
7397	5/3/2019	BILLPMT	Ziegler, Inc.	\$3,865.68
Total				\$89,589.71

Approvals:

  
Airport Director  
CD 9 -- 2019

Airport Authority

  
City Treasurer



**Duluth Airport Authority**  
**DAA Construction Check Register #5-2019**  
**May 9, 2019**

**Document Number From: 7398 To: 7414**

Document Number	Date	Transaction Type	Payee	Amount
7398		BILLPMT	--VOID--	\$0.00
7399		BILLPMT	--VOID--	\$0.00
7400		BILLPMT	--VOID--	\$0.00
7401		BILLPMT	--VOID--	\$0.00
7402		BILLPMT	--VOID--	\$0.00
7403		BILLPMT	--VOID--	\$0.00
7404		BILLPMT	--VOID--	\$0.00
7405		BILLPMT	--VOID--	\$0.00
7407	5/9/2019	BILLPMT	1 Hali-Brite, Inc.	\$35,456.40
7408	5/9/2019	BILLPMT	1 MediaUSA Adverising Inc	\$500.00
7409	5/9/2019	BILLPMT	1 Pro Print, Inc.	\$236.19
7410	5/9/2019	BILLPMT	1 Reynold Smith & Hills, Inc.	\$15,195.50
7411	5/9/2019	BILLPMT	1 Shafer Contracting Co., Inc.	\$118,750.00
7412	5/9/2019	BILLPMT	1 Short Elliott Hendrickson	\$91,384.00
7413	5/9/2019	BILLPMT	1 Swim Creative	\$4,034.02
7414	5/9/2019	BILLPMT	1 TKDA	\$3,500.00
<b>Total</b>				<b><u>\$269,056.11</u></b>



Airport Director



City Treasury

**CORRESPONDENCE**



Mary Ann Wittkop

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**From:** Don Monaco <donm@monacoairduluth.com>  
**Sent:** Wednesday, May 1, 2019 7:59 AM  
**To:** Tom Werner; 'kbutler@kenbutlerlaw.com'  
**Cc:** 'Dave Gaddie (dgaddie@bankrepublic.com)'; 'Greg Fox (gregandsheilafox@hotmail.com)'; 'Bill King (BKing@cirrusaircraft.com)'; Michael A. Magni; 'Pat Mullen (MP)'; 'Richard Stewart (RStewart@uwsuper.edu)'; 'Steve Overom'; Mary Ann Wittkop  
**Subject:** April, 2019 Monaco Air Foundation Report

Tom and Ken,

Please share this report with the Duluth Airport Authority Board at its next regularly scheduled meeting.

Summary of April, 2019 Activities

Duluth Flying Club Scholarship Fund: The current balance in the Scholarship Fund is \$1,141.24. The Foundation has suspended issuing new aviation training scholarships until after it determines whether to award additional scholarships or to give these funds to another organization which awards aviation training scholarships.

High School Aviation Day Program: The Foundation continues to provide Duluth International Airport tours to high school students and other organizations upon request.

Other Initiatives: The Foundation welcomes additional requests from the Duluth Airport Authority Board for initiatives the Board would like the Foundation to pursue.

Please let me know if you have any questions about this month's report.

Respectfully submitted,

**Don Monaco**  
President  
Monaco Air Foundation, Inc.  
4535 Airport Approach Road  
Duluth, MN 55811  
Phone: 218-727-2911  
Mobile: 630-728-5571  
Fax: 218-336-0001  
[donm@monacoairduluth.com](mailto:donm@monacoairduluth.com)  
[www.monacoairduluth.com](http://www.monacoairduluth.com)

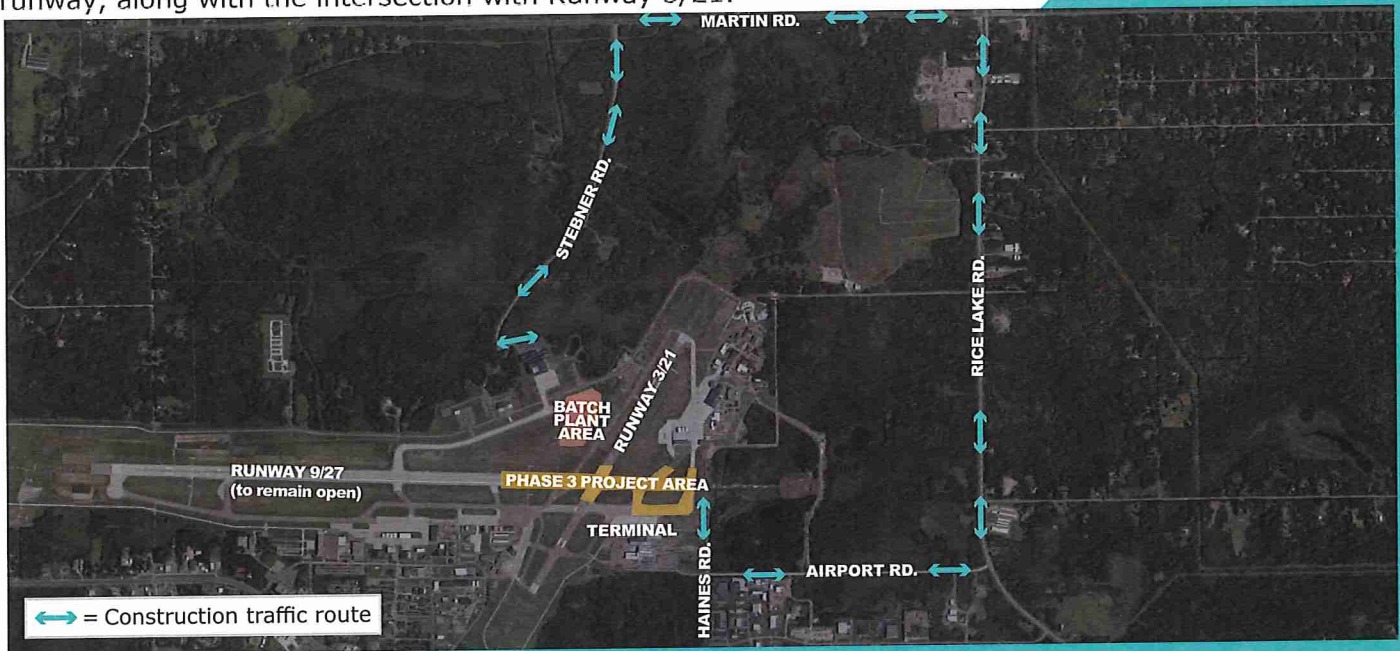
IR 13

# Neighborhood Notice

## DULUTH INTERNATIONAL AIRPORT—RUNWAY 9/27 RECONSTRUCTION PROJECT

### Project Background

The Airport will be completing the third & final phase of the Runway 9/27 Reconstruction project this year. The project, initiated in 2016, will replace the the entire primary runway serving Duluth International Airport, setting the airport up to serve user and passenger needs for decades to come. The final phase being completed this year includes replacement of the eastern end of the runway, along with the intersection with Runway 3/21.



#### SCHEDULE

The project is scheduled to occur from May until October of 2019



#### CONSTRUCTION IMPACT

**Commercial airline service will be available throughout construction.**

There will be increased construction traffic on Stebner Rd., Martin Rd., Airport Rd., Haines Rd., and Arrowhead Rd. at varying times throughout construction



#### FUNDING

This project is funded primarily by the Federal Aviation Administration (FAA) and the Minnesota Department of Transportation (MnDOT).



#### CONTACT

Duluth Airport Authority:  
**Blaine Peterson**  
218-625-7767

SEH (Engineer):  
**Shawn McMahon**  
651-925-7541

Shafer Contracting  
(Contractor):  
**Brad Mattson**  
651-398-4028

**Note:** Please be aware of construction traffic and attentive to children and pets who may be near the construction route. If you have any concerns or witness any safety issue, please notify the point of contacts in the order they are listed.

May 1st, 2019



**DULUTH INTERNATIONAL AIRPORT**  
Travel Globally. Fly Locally.





Building a Better World  
for All of Us®

## MEMORANDUM

TO: Blaine Peterson

FROM: Benita Crow (Lic. MN, WI)

DATE: May 14, 2019

RE: Runway 9/27 Reconstruction, Phase 3 - Public Outreach Efforts  
SEH No. DULAI 147383 14.00

As part of the third phase of the Runway 9/27 Reconstruction project, a comprehensive Public Involvement Plan (PIP) was developed to guide communication efforts to ensure the public and airport stakeholders are receiving the appropriate level of communication and messaging regarding the project. The purpose of this memo is to document public outreach efforts over the past two months, leading up to construction, as well as upcoming public outreach initiatives.

### Meetings (March – May):

#### March:

- Duluth International Airport (DLH) Tenant Meeting – March 7
  - Provided an update on the project
- Duluth Airport Authority (DAA) Board Meeting – March 19
  - Provided an update on the project
- Air Show Coordination Meeting – March 19
  - Met with Kern and Kompany and provided an overview of the project and expectations for construction activities during the Air Show.
- 148<sup>th</sup> Fighter Wing Quarterly AOB Meeting – March 21
  - Provided a presentation and participated in discussions related to the project
- FAA/MnDOT Coordination Meeting – March 28
  - Agency coordination meeting to provide construction updates

#### April:

- Duluth International Airport (DLH) Tenant Meeting – April 4
  - Provided an update on the project
- 148<sup>th</sup> Fighter Wing One-on-One Meeting – April 4
  - SEH, Burns & McDonnell, DAA, and 148<sup>th</sup> Fighter Wing met to discuss airfield circuitry and expected coordination during construction.
- Joint Airport Zoning Board (JAZB) Meeting – April 4
  - Provided an update on the construction project
- Runway Safety Action Team (RSAT) Meeting – April 9
  - Provided a presentation and guided discussions on the project
- Duluth Airport Authority (DAA) Board Meeting – April 16
  - Provided an update on the project
- Air Traffic Control Tower (ATCT) One-on-One Meeting – April 16
  - Coordination meeting with the ATCT regarding the project
- FAA Local Tech Ops One-on-One Meeting – April 16



- Coordination meeting with FAA Tech Ops regarding the project
- Preconstruction Meeting with Shafer Contracting – April 22
  - Comprehensive preconstruction meeting with Shafer Contracting, their subcontractors, SEH with electrical and geotechnical subconsultants, DAA staff, airfield stakeholders and others to go over the details of the project.
- FAA/MnDOT Coordination Meeting – April 23
  - Agency coordination meeting to provide construction updates

May (to date):

- Duluth International Airport (DLH) Tenant Meeting – May 2
  - Provided an update on the project
- Joint Airport Zoning Board (JAZB) Meeting – May 2
  - Provided an update on the construction project
- Working Group Meeting #3 – May 10
  - The third meeting of the Working Group, which consists of airfield tenant, stakeholders, and users, together with DLH staff and SEH, to collaboratively discuss specific updates and review technical components related to the project.

Other Outreach Efforts:

- Air Show Coordination – developed figure of an overview of the construction project and the anticipated work that will be occurring in advance of the Air Show for distribution by Kern and Kompany to interested parties.
- Project Overview Flyer – developed a one page flyer to be used on a table in the Terminal Building as well as Monaco that provides an overview of the project. Additional flyers to be located at other major airfield tenants such as Lake Superior Helicopters, Lake Superior College, and Cirrus.
- Neighborhood Notification – developed and distributed a one page to all residents near the airport that could potentially be impacted by the construction. The neighbor notification was mailed to residents on May 1<sup>st</sup>.
- Tenant Notification – a detailed flyer was developed specifically for airfield tenants to message the start of the construction project. The Tenant Notification is planned to be distributed via email on May 17<sup>th</sup>.
- Press Release – SEH and DAA staff developed a press release for public messaging of the start of construction. The press release date is planned for May 16<sup>th</sup>.
- Project Information Station – SEH and DAA staff assembled a desk, tablecloth, banner, and flyers at a station in the terminal building to notify the public of the project and provide details on construction, funding, and other related information.
- Project Newsletters – Weekly newsletters will be distributed to all airfield tenants and stakeholders on Fridays. The newsletters will be distributed via email using MailChimp. The first weekly newsletter will be distributed on May 17<sup>th</sup>.

Upcoming Outreach Efforts (Thru May):

- Weekly Construction Tenant Meetings
  - SEH and DAA staff will hold a GoTo Meeting every Tuesday at 12:30 PM to provide an opportunity for airfield tenants, stakeholders, and other users to call into an on-line meeting and receive updates on the project. The first meeting is planned for May 21<sup>st</sup>.
- Upcoming Meetings:
  - Northern Aero Alliance (May 22)
- Potential Meetings (to be scheduled, if requested):
  - American Airlines
  - Lake Superior Helicopters
- DAA Board Meeting – May 21
- FAA / MnDOT Coordination Meeting – May 22



# Duluth International Airport attracts third carrier, bus service

By Holly Kelsey-Henry

**D**uluth International Airport is thriving, according to its Executive Director Tom Werner, and the momentum is not about to let up any time soon.

It was announced in January that American Airlines would join the lineup at the airport starting in May with four daily nonstop flights offered — two from Duluth and two returns from O'Hare in Chicago. American joins United and Delta in serving the airport.

Werner noted it was a three year process wooing American Airlines, but it will no doubt result in increased competition between carriers, ultimately lowering fares for regional consumers.

"Competition is a good thing," Werner said. "It will make for more affordable travel to the Twin Cities, Chicago and beyond. Many times, people think it's cheaper just to drive to Minneapolis, but when you add gas and lodging to meet that flight, it's not always the case. Having competition for air service that connects Duluth, regional Minnesota and North-west Wisconsin to Minneapolis and Chicago and beyond will be an economic driver. This is good for us all."

In 2013, the airport opened a new terminal. It currently accommodates three daily nonstop flights to Chicago through United and five nonstop flights to Minneapolis-St. Paul through Delta.

**F**or a variety of reasons, short-hop air flights can be a tad expensive, according to a co-founder of Landline, which is offering bus service between Duluth and Minneapolis St.-Paul International Airport. The market has changed in recent years, he noted. Ten years ago, there were eight large air carriers. As the result of consolidation, there currently are four. A standard rule of economics is that less competition means higher prices. And today's pilot shortage has added to the problem because carriers must increase wages to retain staff.

Given those factors, "We just thought this was an opportunity," said David Sunde, who launched Landline with Ben Munson. Minnesota is their first market. It was selected because of the large number of small- and medium-size cities that use MSP as their hub for connections to national and international destinations. So far, he said, airport executives have been very receptive of supplemental bus service.

"We've been able to work with them very collaboratively," he said, because they're anxious to use all of their available terminal space. "It creates a revenue stream for them without cannibalizing service from air carriers."

Landline will operate upgraded coaches offering leather seats, a restroom and Wi-Fi. Sunde said the company soon will announce a service partnership with an air carrier, which should ease the ability to coordinate scheduling and reservations.

Bringing on a third carrier puts the airport at its highest capacity in many years.

Werner is also happy with news of a nonstop bus service between the Duluth and Minneapolis-St. Paul airports with one-way rates starting at \$9. It will be launched from the airport in June. (see sidebar in blue box above)

The provider, Landline, will provide its lowest rates to customers connecting to their destination via a partner airline.

The earliest bus will leave Duluth at 2:20 a.m. and the latest at 5:10

p.m.

"This provides more options, and whenever you get more seats in the market, it's a good thing," Werner said. "It also provides another option on those occasions when flights are cancelled or delayed. Can you have delays? Absolutely, and it is great to have so many additional options. It's another good alternative at our airport."

The Duluth airport currently sees 60,000 planes (including commercial airlines, cargo carriers, privately owned aircraft and the

148th Fighter Wing) come and go each year, with a 90 percent on-time rate, a statistic Werner called "impressive."

The Airport Authority, however, is not resting on its laurels, he said.

It has launched a fly local campaign and is working on the customer service experience at the airport.

"It's just like when you buy at a local store or use a local vendor, which we try to do," Werner said. "It generates the influx of dollars into the local economy. That's why we are thinking outside the box with our marketing and really trying to drive the message home that our airport is a viable option for our population."

The airport will also be establishing a "club room" in the near future, where members can pay a yearly membership and wait for their flights in an exclusive area of the airport.

The airport staff is also focusing on customer service.

"We are a front door to our community and provide a friendly, positive experience and contribute to our local economy," he said.

And contribute to the economy it does. According to a Minnesota Employment and Economic Development report, the airport provides 3,210 direct jobs and \$1,022.3 million in sales throughout the region.

Roughly 124,000 passengers depart the airport each year.



**NEW BUSINESS**

RESOLUTION APPROVING 2019 CAPITAL IMPROVEMENT PROGRAM (CIP)  
for Duluth International (DLH) and Sky Harbor (DYT) Airports

TERMS:

- Length of Agreement
- N/A

ARGUEMENT OVERVIEW (CONTEXT):

This is the annual CIP approval for upcoming projects for the 2019 calendar year. The FAA entitlement dollars for this year is \$1,418,175. There is an additional amount of \$144,000 available from grant reimbursement for the closure of the Fond du Lac Aviation Fire Training School. The combination of these two brings the total amount of FAA entitlement funds to \$1,562,175 for the year to be used for Duluth International projects or equipment purchases.

The first item in Dark Green is for the Noise Compatibility Study. This is paid by the FAA through an alternate entitlement funding source so does not count against the annual entitlements the Duluth International Airport (DLH) receives, thus the different color. Second item is the Master Plan that is currently being initiated. There is a portion of the work scope that the FAA has deemed ineligible and must be paid for by local general fund dollars. That amount is the third line in the amount of \$23,500.

The last item for DLH is the reimbursement to Bemidji. In 2004 DLH accepted \$725,000 from Bemidji to complete projects at that time. In 2017 DLH paid back \$370,000 and this remaining 355,000 completes the financial obligation.

For Sky Harbor (DYT) the CIP reflects the final phase of Runway Realignment construction as well as associated work for the 15 feet of additional runway width.

The final piece of the CIP will be discussion of the upcoming Passenger Facility Charge requests.

Any adjustments or bids that are 10% over the engineer estimates will be brought back to the Board for update and approval.

I recommend approving this resolution.

Prepared by: Blaine Peterson

DLH													Updated	
Duluth International Airport (DLH)														
CIP 2019														
FEDERAL OR STATE FISCAL YEAR (FY/SFY)	Future Development	Project Type	Cost	Funding Rates			FAA Funding Entitlement	FAA Funding Discretionary	State Funding	Local (DAI/Sponsor) Funding	Annual Entitlements through 2016:		Remaining Entitlement Balance	
				FAA	State	Local					Annual Entitlements for 2019:			Funding Comments
CALENDAR YEAR 2019														
PLANNING AND ENVIRONMENTAL														
FY 2019	Nature Compatibility Program and Maps	Environmental	\$791,400	80%	10%	10%	\$ 633,120.00		\$ 791,400.00				\$ 1,376,000.00	14-489-19
FY 2019	Focused Master Plan with AIP Update and Exhibit A	Planning	\$1,235,300	90%	5%	5%	\$ 1,111,770.00		\$ 61,765.00				\$ 1,416,175.00	
	AIP Ineligible Work Scope Items from Master Plan/Ex A.								\$ 23,500.00				\$ 1,562,175.00	
ENGINEERING AND CONSTRUCTION														
SFY 2020	Pavement Maintenance	Maintenance	\$50,000	0%	70%	30%			\$ 35,000.00					
EQUIPMENT														
SFY 2020	Traffic w/ Attachments	Equipment	\$6,000	0%	70%	30%			\$ 4,200.00					
OTHER														
FY 2010	Entitlement Payment - Bemidji		\$335,000	100%	0%	0%	\$ 335,000		\$				\$ 95,405.00	
CALENDAR YEAR TOTALS														
			\$2,495,700				\$ 1,466,770		\$ 230,705				\$ 40,905	\$0

SKY HARBOR AIRPORT CIP 2019																		
FEDERAL OR STATE FISCAL YEAR (FFY/SFY)	Future Development	Project Type	Cost	Funding Rules			FAA Funding Entitlement	FAA Funding Discretionary	State Funding	Local Funding	Alternate Funding Sources	Funding Comments	Remaining Entitlement \$150,000					
				FAA	State	Local												
CONSTRUCTION YEAR 2019																		
ENVIRONMENTAL																		
ENGINEERING AND CONSTRUCTION																		
FFY 2019	Runway Relocation - Phase 3	Construction	\$2,400,000	90%	0%	10%	\$	150,000.00	\$	2,010,000.00	\$	-	\$	240,000.00	Appropriations	\$		
SFY 2020	Additional 15' Pavement Width	Construction	\$130,000	0%	70%	30%	\$	-	\$	91,000.00	\$	-	\$	39,000.00	Appropriations	\$		
FFY 2019	Aquatic Resource Mitigation	Environmental	\$250,000	80%	5%	5%	\$	225,000.00	\$	12,500.00	\$	12,500.00	\$	12,500.00	Appropriations	\$		
SFY 2019	SUPPLEMENTAL EA 15' pavement width	Environmental	\$20,000	0%	70%	30%	\$	-	\$	14,000.00	\$	6,000.00	\$	6,000.00	Appropriations	\$		
SFY 2020	AIWOS Relocation	Construction	\$20,000	0%	100%	0%	\$	-	\$	20,000.00	\$	-	\$	-	MAINT	\$		
CALENDAR YEAR TOTALS													\$2,820,000	\$	288,000.00	\$	297,500.00	\$

PFC		LOCAL SHARE OF PROJECTS		Project Type	Cost	Funding Rates		Alternate Funding Sources	Funding Comments
		FAA	State			Local			
FFY 2010	Focused Master Plan with ALP Update and Exhibit A		\$1,235,300			5%	\$	\$1,235,000	PFC
FFY 2019	Notas Compatibility Program and Maps		\$791,400			10%	\$	79,140.00	PFC
FFY 2019	Towhee Charlie		\$38,174			100%	\$	38,174.00	PFC
FFY 2019	Adrian costa								PFC
FFY 2019	Bowling Plover (Replace #16)		\$593,000			100%		\$593,000	PFC
FFY 2019	Sander (Replace #42)		\$280,000			100%		\$280,000	PFC
PFC 1 TOTALS - August 2019			\$2,875,974					\$990,079	
FFY 2010	Towhee /S		\$400,655			100%	\$	400,655.00	PFC
FFY 2021	ALPHA TOWNWAY		\$15,020,020			5%	\$	751,000.00	PFC
FFY 2021	ALPHA TOWNWAY					5%	\$	7,800.00	PFC
PFC 2 TOTALS - January 2020			\$15,650,655				\$	1,239,155.00	

Amendment				
FFY 2019	Interest for construction projects (Amend PFC 10 & 11)	\$912,925	100%	PFC

**STATE OF MINNESOTA  
AIRPORT MAINTENANCE AND OPERATION GRANT CONTRACT**

**State Project Number (S.P.):** A6901-MO20

**State Project Number (S.P.):** A6901-MO21

This contract is between the State of Minnesota, acting through its Commissioner of Transportation ("State") and Duluth Airport Authority acting through its Airport Authority ("Recipient").

### **RECITALS**

---

1. Minnesota Statutes §§360.015 and 360.305 authorize State to provide financial assistance to airports for maintenance and operation activities.
2. Recipient owns, operates, or controls an airport ("Airport") in the state system, and Recipient desires financial assistance from the State for maintenance and operation activities for State Fiscal Year 2020 and State Fiscal Year 2021.
3. Recipient represents that it is duly qualified and agrees to perform all services described in this contract to the satisfaction of the State.

### **CONTRACT TERMS**

---

#### **1. Term of Contract and Survival of Terms**

- 1.1. **Effective Date:** This contract will be effective on July 1, 2019, or the date State obtains all required signatures under Minnesota Statutes §16B.98, subdivision 5, whichever is later. As required by Minnesota Statutes §16B.98 Subd. 7, no payments will be made to Recipient until this contract is fully executed.
- 1.2. **Expiration Date:** This contract will expire on June 30, 2021.
- 1.3. **Survival of Terms:** All clauses which impose obligations continuing in their nature and which must survive in order to give effect to their meaning will survive the expiration or termination of this contract, including, without limitation, the following clauses: 9. Indemnification; 10. State Audits; 11. Government Data Practices; 13. Governing Law, Jurisdiction and Venue; and 14. Data Disclosure.

#### **2. Recipient's Duties**

- 2.1. Recipient will operate and maintain the Airport in a safe, serviceable manner for aeronautical purposes only for the use and benefit of the public.
- 2.2. The Recipient will keep the runway and the area around the lights mowed at the Airport. The grass must be mowed at least 7 feet beyond the lights, and the grass must not exceed 6 inches in height on the landing area. The areas around any navigational aids will be mowed and plowed to keep the area clear for access by a vehicle.
- 2.3. If the Airport remains operational during the winter months, the Recipient will keep at least one runway, associated taxiway, and apron area cleared of snow and ice to the same priority as arterial roads. Snow banks must be limited in height so that aircraft wings, engines, and propellers will clear them. Landing strip markers and/or lights must remain visible.

- 2.4. If the State contracts for the periodic paint striping of the Airport's runways and taxiways during the term of this Contract, the Recipient will cooperate with the marking operation. The Recipient must coordinate seal coat pavement maintenance projects with the State to maximize the pavement marking life.
- 2.5. The Recipient will allow a representative of the State's Office of Aeronautics access to any area of the Airport necessary for the purpose of periodic inspections.
- 2.6. The Recipient will promptly pay all utility bills, including those required for navigational aids.

### 3. Recipient's Assurances

- 3.1. In accordance with Minnesota Statutes § 360.305, subdivision 4, Recipient assures the State that Recipient will operate and maintain the Airport in a safe, serviceable manner for public aeronautical purposes only for a period of one year from the date the Recipient receives final reimbursement under this contract.
- 3.2. Recipient represents and warrants that Recipient has established a zoning authority for the Airport, and such authority has completed, or is in the process of and will complete, with due diligence, an airport zoning ordinance in accordance with Minnesota Statutes §§ 360.061 to 360.074.
- 3.3. Recipient will comply with all required grants management policies and procedures set forth through Minnesota Statutes §16B.97, Subd. 4 (a) (1).

### 4. Third-Party Contracting

- 4.1. Recipient will comply with all applicable local, state, or federal laws, regulations, policies and procedures in the procurement of goods and services funded in whole or in part under this Contract.

### 5. Consideration and Payment

- 5.1. **Consideration.** State will pay for all eligible telecommunication, maintenance, and operation costs incurred by Recipient under this Contract as follows:

- 5.1.1. **Basis.** Recipient will be reimbursed for 100% of telecommunication costs associated with the operation of state-owned navigational aids. Recipient will be paid for 75% of all other eligible maintenance and operation costs not reimbursed by any other source. Eligible maintenance and operations costs will be determined at the sole discretion of State's Authorized Representative.
- 5.1.2. **Telecommunication Amount.** State has currently obligated \$0.00 in each State fiscal year to reimburse eligible telecommunication costs at 100%.
- 5.1.3. **Maintenance and Operation Amount.** State has currently obligated \$201,621 in each State fiscal year to reimburse other eligible costs at 75%.
- 5.1.4. **Total Obligation.** The total obligation of State for all compensation and reimbursements to Recipient under this contract will not exceed \$403,242 (State fiscal years 2020 and 2021).

#### 5.2. Payment.

- 5.2.1. **Invoices.** The Recipient must submit a reimbursement request of its eligible costs to the Director of the Office of Aeronautics on a quarterly basis or as directed by State's Authorized Representative. The State's Office of Aeronautics will supply the reimbursement request forms which Recipient must submit. Reimbursement requests must be submitted according to the following schedule:

- On or after October 1, **and no later than November 15**, for the period July 1 through September 30.
- On or after January 1, **and no later than February 15**, for the period October 1 through December 31.
- On or after April 1, **and no later than May 15**, for the period January 1 through March 31.
- On or after July 1, **and no later than August 15**, for the period April 1 through June 30.

The State may reject costs that the State determines are not eligible maintenance and operations expenses.

- 5.2.2. **All Invoices Subject to Audit.** All invoices are subject to audit, at State's discretion.



- 5.2.3. **State's Payment Requirements.** State will promptly pay all valid obligations under this contract as required by Minnesota Statutes §16A.124. State will make undisputed payments no later than 30 days after receiving Recipient's invoices and progress reports for services performed. If an invoice is incorrect, defective or otherwise improper, State will notify Recipient within ten days of discovering the error. After State receives the corrected invoice, State will pay Recipient within 30 days of receipt of such invoice.
- 5.2.4. **Grant Monitoring Visit and Financial Reconciliation.** If State's total obligation is greater than \$50,000 in section 5.1.4, above, during the period of performance the State will make at least one monitoring visit and conduct annual financial reconciliations of Recipient's expenditures. The State's Authorized Representative will notify Recipient's Authorized Representative where and when any monitoring visit and financial reconciliation will take place, which State employees and/or contractors will participate, and which Recipient staff members should be present. Recipient will be provided notice prior to any monitoring visit or financial reconciliation. Following a monitoring visit or financial reconciliation, Recipient will take timely and appropriate action on all deficiencies identified by State. At least one monitoring visit and one financial reconciliation must be completed prior to final payment being made to Recipient.
- 5.2.5. **Closeout.** The State will determine, at its sole discretion, whether a closeout audit is required prior to final payment approval. If a closeout audit is required, final payment will be held until the audit has been completed. Monitoring of any capital assets acquired with grant funds will continue following grant closeout.

## 6. Conditions of Payment

- 6.1. All services provided by Recipient under this contract must be performed to State's satisfaction, as determined at the sole discretion of State's Authorized Representative and in accordance with all applicable federal, state and local laws, ordinances, rules and regulations, including business registration requirements of the Office of the Secretary of State. Recipient will not receive payment for work found by State to be unsatisfactory or performed in violation of federal, state or local law. In addition to the foregoing, Recipient will not receive payment for Airport's failure to pass periodic inspections by a representative of the State's Office of Aeronautics.

## 7. Authorized Representatives

- 7.1. **State's Authorized Representative.** State's Authorized Representative will be:

Name/Title: Jenny Bahneman, Grants Specialist  
Address: Office of Aeronautics, 222 East Plato Boulevard  
Telephone: (651) 234-7240  
E-Mail: jenny.bahneman@state.mn.us

State's Authorized Representative or his /her successor, will monitor Recipient's performance and has the authority to accept or reject the services provided under this contract. If the Recipient's duties are performed in a satisfactory manner, the State's Authorized Representative will accept each reimbursement request submitted for payment.

- 7.2. **Recipient's Authorized Representative.** Recipient's Authorized Representative will be:

Name/Title: Blaine Peterson, Director of Operations  
Address: Duluth International Airport, 4701 Grinden Drive, Duluth, MN 55811  
Telephone: (218) 625-7767  
E-Mail: bpeterson@duluthairport.com

If Recipient's Authorized Representative changes at any time during this contract, Recipient must immediately notify State.

## 8. Assignment, Amendments, Waiver and Contract Complete

- 8.1. **Assignment.** Recipient may neither assign nor transfer any rights or obligations under this contract without the prior consent of State and a fully executed Assignment Contract, executed and approved by the same parties who executed and approved this contract, or their successors in office.
- 8.2. **Amendments.** An amendment to this contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original contract, or their successors in office.
- 8.3. **Waiver.** If State fails to enforce any provision of this contract that failure does not waive the provision or State's right to subsequently enforce it.
- 8.4. **Contract Complete.** This contract contains all prior negotiations and agreements between State and Recipient. No other prior understanding regarding this contract, whether written or oral, may be used to bind either party.

## 9. Indemnification

- 9.1. In the performance of this contract by Recipient, or Recipient's agents or employees, Recipient must indemnify, save and hold State, its agents, and employees harmless from any and all claims or causes of action, including reasonable attorney's fees incurred by State, to the extent caused by Recipient's: 1) intentional, willful or negligent acts or omissions; 2) breach of contract or warranty; or 3) breach of the applicable standard of care. The indemnification obligations of this section do not apply if the claim or cause of action is the result of State's sole negligence. This clause will not be construed to bar any legal remedies Recipient may have for State's failure to fulfill its obligation pursuant to this contract.

## 10. State Audits

- 10.1. Under Minnesota Statutes § 16B.98, Subd.8, the Recipient's books, records, documents, and accounting procedures and practices of Recipient, or other party relevant to this grant contract or transaction, are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this contract or receipt and approval of all final reports, whichever is later. Recipient will take timely and appropriate action on all deficiencies identified by an audit.

## 11. Government Data Practices

- 11.1. Recipient and State must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by State under this contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by Recipient under this contract. The civil remedies of Minnesota Statutes §13.08 apply to the release of the data referred to in this clause by either Recipient or State. If Recipient receives a request to release the data referred to in this Clause, Recipient must immediately notify State and consult with State as to how Recipient should respond to the request. Recipient's response to the request must comply with applicable law.

## 12. Workers' Compensation

- 12.1. Recipient certifies that it is in compliance with Minnesota Statutes §176.181, subdivision 2, pertaining to workers' compensation insurance coverage. Recipient's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

## 13. Governing Law, Jurisdiction and Venue

- 13.1. Minnesota law, without regard to its choice-of-law provisions, governs this contract. Venue for all legal proceedings arising out of this contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

## 14. Data Disclosure

- 14.1. Under Minnesota Statutes §270C.65, and other applicable law, Recipient consents to disclosure of its social security number, federal employer tax identification number and Minnesota tax identification number, already provided to State, to federal and state agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state laws which could result in

action requiring Recipient to file state tax returns and pay delinquent state tax liabilities, if any, or pay other state liabilities.

## **15. Termination and Suspension**

- 15.1. **Termination by the State.** The State may terminate this contract with or without cause, upon 30 days written notice to the Recipient. Upon termination, the Recipient will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
- 15.2. **Termination for Cause.** The State may immediately terminate this grant contract if the State finds that there has been a failure to comply with the provisions of this contract, that reasonable progress has not been made, that fraudulent or wasteful activity has occurred, that Recipient has been convicted of a criminal offense relating to a state grant agreement, or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.
- 15.3. **Termination for Insufficient Funding.** The State may immediately terminate this contract if: It does not obtain funding from the Minnesota Legislature; or If funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Recipient. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Recipient will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State will provide the Recipient notice of the lack of funding within a reasonable time of the State's receiving that notice.
- 15.4. **Suspension.** The State may immediately suspend this contract in the event of a total or partial government shutdown due to the failure to have an approved budget by the legal deadline. Work performed by the Recipient during a period of suspension will be deemed unauthorized and undertaken at risk of non-payment.

## **16. Discrimination Prohibited by Minnesota Statutes §181.59**

- 16.1. Recipient will comply with the provisions of Minnesota Statutes §181.59 which requires that every contract for or on behalf of the State of Minnesota, or any county, city, town, township, school, school district or any other district in the state, for materials, supplies or construction will contain provisions by which Contractor agrees:
  - 1) That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no Contractor, material supplier or vendor, will, by reason of race, creed or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates; 2) That no Contractor, material supplier, or vendor, will, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause 1 of this section, or on being hired, prevent or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed or color; 3) That a violation of this section is a misdemeanor; and 4) That this contract may be canceled or terminated by the state of Minnesota, or any county, city, town, township, school, school district or any other person authorized to grant contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

## **17. Limitation.**

- 17.1. Under this contract, the State is only responsible for disbursing funds. Nothing in this contract will be construed to make the State a principal, co-principal, partner, or joint venturer with respect to the Project(s) covered herein. The State may provide technical advice and assistance as requested by the Recipient, however, the Recipient will remain responsible for providing direction to its contractors and consultants and for administering its contracts with such entities. The Recipient's consultants and contractors are not intended to be third party beneficiaries of this contract.

**THE BALANCE OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**STATE ENCUMBRANCE VERIFICATION**

Individual certifies that funds have been encumbered as required by Minnesota Statutes §16A.15 and §16C.05.\*

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

SWIFT Contract (SC) ID No. \_\_\_\_\_

Purchase Order (PO) ID No. \_\_\_\_\_

\*PO staged and to be encumbered with future State fiscal year funds.

**RECIPIENT**

Recipient certifies that the appropriate person(s) have executed Contracts on behalf of Recipient as required by applicable articles, bylaws or resolutions.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_  
(with delegated authority)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**MnDOT OFFICE OF FINANCIAL MANAGEMENT –  
GRANT UNIT**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**MnDOT CONTRACT MANAGEMENT**

By: \_\_\_\_\_

Date: \_\_\_\_\_

## RESOLUTION

### AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION AIRPORT MAINTENANCE AND OPERATION GRANT CONTRACT

It is resolved by the Duluth Airport Authority as follows:

1. That the state of Minnesota Contract Number 1033477,  
"Airport Maintenance and Operation Grant Contract," at the  
Duluth International Airport is accepted.
2. That the \_\_\_\_\_ and \_\_\_\_\_ are  
(Mayor, Chairperson, President, etc.) (Clerk, Auditor, Secretary, etc.)  
authorized to execute this Contract and any amendments on behalf of the  
Duluth Airport Authority.

## CERTIFICATION

STATE OF MINNESOTA

COUNTY OF \_\_\_\_\_

I certify that the above Resolution is a true and correct copy of the Resolution adopted by the

\_\_\_\_\_  
(Name of the Recipient)

at an authorized meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

as shown by the minutes of the meeting in my possession.

Signature: \_\_\_\_\_  
(Clerk or Equivalent)

CORPORATE SEAL

/OR/

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_

**DIC**



MnDOT Contract No. 1033478

**STATE OF MINNESOTA  
AIRPORT MAINTENANCE AND OPERATION GRANT CONTRACT**

**State Project Number (S.P.):** A6901A-MO20  
**State Project Number (S.P.):** A6901A-MO21

This contract is between the State of Minnesota, acting through its Commissioner of Transportation ("State") and Duluth Airport Authority acting through its Airport Authority ("Recipient").

**RECITALS**

---

1. Minnesota Statutes §§360.015 and 360.305 authorize State to provide financial assistance to airports for maintenance and operation activities.
2. Recipient owns, operates, or controls an airport ("Airport") in the state system, and Recipient desires financial assistance from the State for maintenance and operation activities for State Fiscal Year 2020 and State Fiscal Year 2021.
3. Recipient represents that it is duly qualified and agrees to perform all services described in this contract to the satisfaction of the State.

**CONTRACT TERMS**

---

**1. Term of Contract and Survival of Terms**

- 1.1. **Effective Date:** This contract will be effective on July 1, 2019, or the date State obtains all required signatures under Minnesota Statutes §16B.98, subdivision 5, whichever is later. As required by Minnesota Statutes §16B.98 Subd. 7, no payments will be made to Recipient until this contract is fully executed.
- 1.2. **Expiration Date:** This contract will expire on June 30, 2021.
- 1.3. **Survival of Terms:** All clauses which impose obligations continuing in their nature and which must survive in order to give effect to their meaning will survive the expiration or termination of this contract, including, without limitation, the following clauses: 9. Indemnification; 10. State Audits; 11. Government Data Practices; 13. Governing Law, Jurisdiction and Venue; and 14. Data Disclosure.

**2. Recipient's Duties**

- 2.1. Recipient will operate and maintain the Airport in a safe, serviceable manner for aeronautical purposes only for the use and benefit of the public.
- 2.2. The Recipient will keep the runway and the area around the lights mowed at the Airport. The grass must be mowed at least 7 feet beyond the lights, and the grass must not exceed 6 inches in height on the landing area. The areas around any navigational aids will be mowed and plowed to keep the area clear for access by a vehicle.
- 2.3. If the Airport remains operational during the winter months, the Recipient will keep at least one runway, associated taxiway, and apron area cleared of snow and ice to the same priority as arterial roads. Snow banks must be limited in height so that aircraft wings, engines, and propellers will clear them. Landing strip markers and/or lights must remain visible.



- 2.4. If the State contracts for the periodic paint striping of the Airport's runways and taxiways during the term of this Contract, the Recipient will cooperate with the marking operation. The Recipient must coordinate seal coat pavement maintenance projects with the State to maximize the pavement marking life.
- 2.5. The Recipient will allow a representative of the State's Office of Aeronautics access to any area of the Airport necessary for the purpose of periodic inspections.
- 2.6. The Recipient will promptly pay all utility bills, including those required for navigational aids.

### 3. Recipient's Assurances

- 3.1. In accordance with Minnesota Statutes § 360.305, subdivision 4, Recipient assures the State that Recipient will operate and maintain the Airport in a safe, serviceable manner for public aeronautical purposes only for a period of one year from the date the Recipient receives final reimbursement under this contract.
- 3.2. Recipient represents and warrants that Recipient has established a zoning authority for the Airport, and such authority has completed, or is in the process of and will complete, with due diligence, an airport zoning ordinance in accordance with Minnesota Statutes §§ 360.061 to 360.074.
- 3.3. Recipient will comply with all required grants management policies and procedures set forth through Minnesota Statutes §16B.97, Subd. 4 (a) (1).

### 4. Third-Party Contracting

- 4.1. Recipient will comply with all applicable local, state, or federal laws, regulations, policies and procedures in the procurement of goods and services funded in whole or in part under this Contract.

### 5. Consideration and Payment

- 5.1. **Consideration.** State will pay for all eligible telecommunication, maintenance, and operation costs incurred by Recipient under this Contract as follows:

- 5.1.1. **Basis.** Recipient will be reimbursed for 100% of telecommunication costs associated with the operation of state-owned navigational aids. Recipient will be paid for 75% of all other eligible maintenance and operation costs not reimbursed by any other source. Eligible maintenance and operations costs will be determined at the sole discretion of State's Authorized Representative.
- 5.1.2. **Telecommunication Amount.** State has currently obligated \$0.00 in each State fiscal year to reimburse eligible telecommunication costs at 100%.
- 5.1.3. **Maintenance and Operation Amount.** State has currently obligated \$20,920 in each State fiscal year to reimburse other eligible costs at 75%.
- 5.1.4. **Total Obligation.** The total obligation of State for all compensation and reimbursements to Recipient under this contract will not exceed \$41,840 (State fiscal years 2020 and 2021).

#### 5.2. Payment.

- 5.2.1. **Invoices.** The Recipient must submit a reimbursement request of its eligible costs to the Director of the Office of Aeronautics on a quarterly basis or as directed by State's Authorized Representative. The State's Office of Aeronautics will supply the reimbursement request forms which Recipient must submit. Reimbursement requests must be submitted according to the following schedule:

- On or after October 1, **and no later than November 15**, for the period July 1 through September 30.
- On or after January 1, **and no later than February 15**, for the period October 1 through December 31.
- On or after April 1, **and no later than May 15**, for the period January 1 through March 31.
- On or after July 1, **and no later than August 15**, for the period April 1 through June 30.

The State may reject costs that the State determines are not eligible maintenance and operations expenses.

- 5.2.2. **All Invoices Subject to Audit.** All invoices are subject to audit, at State's discretion.

- 5.2.3. **State's Payment Requirements.** State will promptly pay all valid obligations under this contract as required by Minnesota Statutes §16A.124. State will make undisputed payments no later than 30 days after receiving Recipient's invoices and progress reports for services performed. If an invoice is incorrect, defective or otherwise improper, State will notify Recipient within ten days of discovering the error. After State receives the corrected invoice, State will pay Recipient within 30 days of receipt of such invoice.
- 5.2.4. **Grant Monitoring Visit and Financial Reconciliation.** If State's total obligation is greater than \$50,000 in section 5.1.4, above, during the period of performance the State will make at least one monitoring visit and conduct annual financial reconciliations of Recipient's expenditures. The State's Authorized Representative will notify Recipient's Authorized Representative where and when any monitoring visit and financial reconciliation will take place, which State employees and/or contractors will participate, and which Recipient staff members should be present. Recipient will be provided notice prior to any monitoring visit or financial reconciliation. Following a monitoring visit or financial reconciliation, Recipient will take timely and appropriate action on all deficiencies identified by State. At least one monitoring visit and one financial reconciliation must be completed prior to final payment being made to Recipient.
- 5.2.5. **Closeout.** The State will determine, at its sole discretion, whether a closeout audit is required prior to final payment approval. If a closeout audit is required, final payment will be held until the audit has been completed. Monitoring of any capital assets acquired with grant funds will continue following grant closeout.

## 6. Conditions of Payment

- 6.1. All services provided by Recipient under this contract must be performed to State's satisfaction, as determined at the sole discretion of State's Authorized Representative and in accordance with all applicable federal, state and local laws, ordinances, rules and regulations, including business registration requirements of the Office of the Secretary of State. Recipient will not receive payment for work found by State to be unsatisfactory or performed in violation of federal, state or local law. In addition to the foregoing, Recipient will not receive payment for Airport's failure to pass periodic inspections by a representative of the State's Office of Aeronautics.

## 7. Authorized Representatives

- 7.1. **State's Authorized Representative.** State's Authorized Representative will be:

Name/Title: Jenny Bahneman, Grants Specialist  
Address: Office of Aeronautics, 222 East Plato Boulevard  
Telephone: (651) 234-7240  
E-Mail: jenny.bahneman@state.mn.us

State's Authorized Representative or his /her successor, will monitor Recipient's performance and has the authority to accept or reject the services provided under this contract. If the Recipient's duties are performed in a satisfactory manner, the State's Authorized Representative will accept each reimbursement request submitted for payment.

- 7.2. **Recipient's Authorized Representative.** Recipient's Authorized Representative will be:

Name/Title: Blaine Peterson, Director of Operations  
Address: Duluth International Airport, 4701 Grinden Drive, Duluth, MN 55811  
Telephone: (218) 625-7767  
E-Mail: bpeterson@duluthairport.com

If Recipient's Authorized Representative changes at any time during this contract, Recipient must immediately notify State.

## 8. Assignment, Amendments, Waiver and Contract Complete

- 8.1. **Assignment.** Recipient may neither assign nor transfer any rights or obligations under this contract without the prior consent of State and a fully executed Assignment Contract, executed and approved by the same parties who executed and approved this contract, or their successors in office.
- 8.2. **Amendments.** An amendment to this contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original contract, or their successors in office.
- 8.3. **Waiver.** If State fails to enforce any provision of this contract that failure does not waive the provision or State's right to subsequently enforce it.
- 8.4. **Contract Complete.** This contract contains all prior negotiations and agreements between State and Recipient. No other prior understanding regarding this contract, whether written or oral, may be used to bind either party.

## 9. Indemnification

- 9.1. In the performance of this contract by Recipient, or Recipient's agents or employees, Recipient must indemnify, save and hold State, its agents, and employees harmless from any and all claims or causes of action, including reasonable attorney's fees incurred by State, to the extent caused by Recipient's: 1) intentional, willful or negligent acts or omissions; 2) breach of contract or warranty; or 3) breach of the applicable standard of care. The indemnification obligations of this section do not apply if the claim or cause of action is the result of State's sole negligence. This clause will not be construed to bar any legal remedies Recipient may have for State's failure to fulfill its obligation pursuant to this contract.

## 10. State Audits

- 10.1. Under Minnesota Statutes § 16B.98, Subd.8, the Recipient's books, records, documents, and accounting procedures and practices of Recipient, or other party relevant to this grant contract or transaction, are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this contract or receipt and approval of all final reports, whichever is later. Recipient will take timely and appropriate action on all deficiencies identified by an audit.

## 11. Government Data Practices

- 11.1. Recipient and State must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by State under this contract, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by Recipient under this contract. The civil remedies of Minnesota Statutes §13.08 apply to the release of the data referred to in this clause by either Recipient or State. If Recipient receives a request to release the data referred to in this Clause, Recipient must immediately notify State and consult with State as to how Recipient should respond to the request. Recipient's response to the request must comply with applicable law.

## 12. Workers' Compensation

- 12.1. Recipient certifies that it is in compliance with Minnesota Statutes §176.181, subdivision 2, pertaining to workers' compensation insurance coverage. Recipient's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

## 13. Governing Law, Jurisdiction and Venue

- 13.1. Minnesota law, without regard to its choice-of-law provisions, governs this contract. Venue for all legal proceedings arising out of this contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

## 14. Data Disclosure

- 14.1. Under Minnesota Statutes §270C.65, and other applicable law, Recipient consents to disclosure of its social security number, federal employer tax identification number and Minnesota tax identification number, already provided to State, to federal and state agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state laws which could result in

action requiring Recipient to file state tax returns and pay delinquent state tax liabilities, if any, or pay other state liabilities.

## 15. Termination and Suspension

- 15.1. **Termination by the State.** The State may terminate this contract with or without cause, upon 30 days written notice to the Recipient. Upon termination, the Recipient will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
- 15.2. **Termination for Cause.** The State may immediately terminate this grant contract if the State finds that there has been a failure to comply with the provisions of this contract, that reasonable progress has not been made, that fraudulent or wasteful activity has occurred, that Recipient has been convicted of a criminal offense relating to a state grant agreement, or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.
- 15.3. **Termination for Insufficient Funding.** The State may immediately terminate this contract if: It does not obtain funding from the Minnesota Legislature; or If funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Recipient. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Recipient will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State will provide the Recipient notice of the lack of funding within a reasonable time of the State's receiving that notice.
- 15.4. **Suspension.** The State may immediately suspend this contract in the event of a total or partial government shutdown due to the failure to have an approved budget by the legal deadline. Work performed by the Recipient during a period of suspension will be deemed unauthorized and undertaken at risk of non-payment.

## 16. Discrimination Prohibited by Minnesota Statutes §181.59

- 16.1. Recipient will comply with the provisions of Minnesota Statutes §181.59 which requires that every contract for or on behalf of the State of Minnesota, or any county, city, town, township, school, school district or any other district in the state, for materials, supplies or construction will contain provisions by which Contractor agrees: 1) That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no Contractor, material supplier or vendor, will, by reason of race, creed or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates; 2) That no Contractor, material supplier, or vendor, will, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause 1 of this section, or on being hired, prevent or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed or color; 3) That a violation of this section is a misdemeanor; and 4) That this contract may be canceled or terminated by the state of Minnesota, or any county, city, town, township, school, school district or any other person authorized to grant contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

## 17. Limitation.

- 17.1. Under this contract, the State is only responsible for disbursing funds. Nothing in this contract will be construed to make the State a principal, co-principal, partner, or joint venturer with respect to the Project(s) covered herein. The State may provide technical advice and assistance as requested by the Recipient, however, the Recipient will remain responsible for providing direction to its contractors and consultants and for administering its contracts with such entities. The Recipient's consultants and contractors are not intended to be third party beneficiaries of this contract.

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**STATE ENCUMBRANCE VERIFICATION**

Individual certifies that funds have been encumbered as required by Minnesota Statutes §16A.15 and §16C.05.\*

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

SWIFT Contract (SC) ID No. \_\_\_\_\_

Purchase Order (PO) ID No. \_\_\_\_\_

\*PO staged and to be encumbered with future State fiscal year funds.

**RECIPIENT**

Recipient certifies that the appropriate person(s) have executed Contracts on behalf of Recipient as required by applicable articles, bylaws or resolutions.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_  
(with delegated authority)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**MnDOT OFFICE OF FINANCIAL MANAGEMENT –  
GRANT UNIT**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**MnDOT CONTRACT MANAGEMENT**

By: \_\_\_\_\_

Date: \_\_\_\_\_

## RESOLUTION

### AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION AIRPORT MAINTENANCE AND OPERATION GRANT CONTRACT

It is resolved by the Duluth Airport Authority as follows:

1. That the state of Minnesota Contract Number 1033478,  
"Airport Maintenance and Operation Grant Contract," at the  
Duluth Sky Harbor Airport is accepted.
2. That the \_\_\_\_\_ and \_\_\_\_\_ are  
(Mayor, Chairperson, President, etc.) (Clerk, Auditor, Secretary, etc.)  
authorized to execute this Contract and any amendments on behalf of the  
Duluth Airport Authority.

## CERTIFICATION

STATE OF MINNESOTA

COUNTY OF \_\_\_\_\_

I certify that the above Resolution is a true and correct copy of the Resolution adopted by the

\_\_\_\_\_  
(Name of the Recipient)

at an authorized meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

as shown by the minutes of the meeting in my possession.

Signature: \_\_\_\_\_  
(Clerk or Equivalent)

CORPORATE SEAL

/OR/

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires: \_\_\_\_\_





Duluth Airport Authority  
Kernz & Kompany, Inc.  
Runway 4k @ Sky Harbor Airport  
License Agreement

***Terms:***

- Saturday July 13, 2019 from 6:30 am until 11:00 am

***Background:***

- Kern & Kompany puts on the Runway 4k event as a fundraiser for the Commemorative Airforce, Duluth Aviation Institute, and Duluth Airshow Foundation
- This is the 3<sup>rd</sup> year in a row the Runway 4k has been held at Sky Harbor

***Agreement Overview:***

- Agreement remains consistent with previous agreements for this event
- DAA staff time is reimbursed (no other revenue on event)

***Why were the changes in key terms needed/wanted?***

- Annual agreement, needed to be renewed

## **DULUTH AIRPORT AUTHORITY LICENSE AGREEMENT RUNWAY 4K**

THIS LICENSE AGREEMENT is entered into this \_\_\_\_ day of \_\_\_\_\_, 2019, by and between the DULUTH AIRPORT AUTHORITY ("Authority"), and KERNZ & KOMPANY, INC. ("Licensee").

WHEREAS, in consideration of the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Licensed Premises

Subject to the terms and conditions set forth herein, the Authority grants to Licensee a non-exclusive license to certain portions of Sky Harbor Airport (the "Airport") at certain times, as shown on the drawing attached hereto as Exhibit A (the "Licensed Premises") for the use and term set forth below. The Authority expressly reserves the right to the unlimited access to the Licensed Premises for authorized personnel during the time that this Agreement is in force for the purpose of inspection and ensuring that the provisions of this Agreement are complied with by Licensee.

2. Use of the Licensed Premises

The Authority agrees to allow Licensee the use of the Licensed Premises for the sole purpose of holding a 4K run and for set up and take down for the 4K run (the "Event").

All Event participants will enter the registration area near Hangar #1 (the "Staging Area") via a controlled access gate monitored by Event staff. No other access points will be allowed unless approved in writing in advance by the Manager of Sky Harbor (the "Manager"). The race registration and post-race festivities will take place in the Staging Area.

The only time that Event participants will be within the runway and service road areas is during the actual run. The runway will be closed during this time. Once the run is complete, the runway will reopen immediately.

There will be NO water stations on the course. The only water station will be located in the Staging Area. Volunteers will distribute individual water bottles to Event participants in the Staging Area where they will be contained and subsequently recycled. Runners will not be allowed to bring any water containers on the race course itself. Event staff will be monitoring this at the start of the race.

Licensee shall not apply ancillary marking to any runway or service road surfaces for the Event. Event staff will be staged in various areas to mitigate any issues. Event staff will be positioned at various areas of the race course so there is no encroachment on other Airport areas by Event participants.

Licensee shall be responsible for traffic control to and from the Event and parking areas and shall monitor and coordinate all event traffic. Licensee shall not permit any unauthorized personnel or traffic on the Airport. Licensee is responsible for the immediate cleanup of any debris deposited along the access route as a result of its Event traffic.

3. Term

The term of this Agreement shall be Saturday, July 13, 2019 from 6:30 a.m. until 11:00 a.m. Time is an essential element of this Agreement. In the event that Licensee shall fail to surrender the Licensed Premises at the termination of this Agreement, Licensee hereby agrees to pay Authority One Thousand and no/100ths (\$1,000.00) Dollars per day until such time as Licensee surrenders the Licensed Premises in the condition found prior to the commencement of this Agreement. The \$1,000 fee per day shall be paid in lump sum and shall not be prorated for portions of day.

Runway 14/32 will be closed for the Event from 8:00 a.m. until 10:00 a.m. The Event schedule is as follows:

6:30 a.m. Set up begins (static displays, registration, etc.)

6:30 a.m. Close NW portion of apron

7:30 a.m. Registration open

**8:00 a.m. Commence Airport closure and set up remaining cones (see Exhibit A)**

8:30 a.m. Race begins

9:30 a.m. Race concludes/runway cleared and inspected

**10:00 a.m. Airport reopened**

11:00 a.m. Event concludes and NW apron reopened

Notwithstanding anything to the contrary contained herein, the Manager shall have the right to temporarily interrupt the Event at any time in order to accommodate standard general aviation operation at the Airport and to deal with emergency conditions which might arise

during the term of the Event.

4. Other Airport Areas

Subject to the paragraph below, during the term of this Agreement, Licensee shall have an affirmative obligation to prevent members of the general public from entering the following portions of the Airport: 1) tenant hangars and private buildings unless so allowed by the tenant of the Authority; and 2) the runway and service road area as shown on Exhibit A.

During the term of this Agreement as set forth below, the Authority shall use areas of Airport, other than the Licensed Premises, in any manner that Authority, in its sole discretion, deems appropriate. Additionally, no act or omission of Licensee, its officers, agents, employees or volunteers, vendors, exhibitors or other contractors, shall inhibit free public access to the Sky Harbor terminal building (Hangar 1), parking lots, or to private property which is accessed through the Licensed Premises.

5. Payment

Licensee shall reimburse the Authority for its costs at the rates set forth in Exhibit B. Exhibit B contains an estimate of time the Authority will expend on the Event. The actual time expended may vary from the estimate. Following the Event, the Authority will invoice Licensee for actual time expended at the rates set forth in Exhibit B. Licensee shall promptly pay the Authority upon receipt of the invoice.

As additional consideration to the Authority under this Agreement, Licensee will recognize the Authority as a contributing sponsor in the Event flier.

Licensee's proceeds of the Event will go to the Duluth Aviation Institute based at Airport, the Commemorative Air Force and the Duluth Airshow Foundation.

6. No Warranty

The Authority makes no representation that the Licensed Premises is suitable for specific uses, and Licensee accepts the Licensed Premises in an "as is" condition without representations or warranties of any kind. The Authority shall not be obligated to make any alterations or improvements on or to the Licensed Premises. The Authority shall not be responsible to Licensee for any injury or damage resulting from any defect in the construction or condition of the Licensed Premises.

7. Facility Supervision

Licensee agrees that at all times during the term of this Agreement, the Licensed Premises will be properly supervised and overseen by an employee or agent of Licensee with sufficient empowerment and decision making authority to act on behalf of Licensee. The name and cell phone number of such employee or agent shall be provided to Authority no later than 10 days prior to the Event. Licensee shall provide personnel appropriate to manage the Event to ensure the safety of the general public and of the Airport and to ensure an enjoyable experience for all attendees. The Licensee shall make sure that such personnel have been adequately trained in all skills reasonably necessary to the provision of service in the particular area in which they will be working.

8. Permits and Licenses

Licensee will obtain, at its expense, all permits and licenses required for the Event and shall provide Authority with copies at least five days before the Event.

9. Smoking/Alcohol

Licensee shall not permit smoking on the Licensed Premises. No alcoholic beverages may be sold, served, dispensed or consumed on the Licensed Premises during the term of this Agreement.

10. Improvements/Signage

Licensee shall not make any alterations or improvements to the Licensed Premises without the prior written consent of the Manager. Licensee shall provide any necessary signs. All signage requires the prior written approval of the Manager. Additionally, Licensee shall not use Authority's name, logo, or mark in any advertising nor shall it represent that Authority is involved in producing or sponsoring the Event without the prior written consent of the Manager.

11. Portable Toilets

The restroom facilities at the Airport shall not be made available to Licensee, its employees, officers, agents, servants, volunteers, contractors, invitees or attendees during the term of this Agreement. Licensee shall provide, at its expense, a sufficient quantity of portable toilet units to meet the requirements of the St. Louis County Health Department together with proof of arrangement for their erection and removal from the Licensed Premises.

12. Maintenance

Licensee agrees to exercise reasonable care in the use of the Licensed Premises during the term of this Agreement. Licensee agrees to remove all equipment, and supplies used by Licensee at the Licensed Premises upon the termination of this Agreement. The cost of any damage to the runway or taxiway shall be borne by the Licensee. Licensee assumes all responsibility for the disposal of refuse and garbage generated at the Licensed Premises during the term of this Agreement and agrees to pay for all costs related thereto. Licensee shall provide, at its expense, a sufficient quantity of trash receptacles to provide appropriate levels of sanitation, safety, and public convenience during the event. If cleanup is not completed upon the termination of this Agreement, Authority may cause the cleanup which, in its sole discretion, it deems necessary, the cost of which shall be charged to and promptly paid by Licensee. Additionally, Licensee shall surrender the Licensed Premises at the end of the term of this Agreement in the condition found prior to the commencement of this Agreement at no expense to the Authority. Licensee agrees to pay upon demand any damage done to the Licensed Premises during its use thereof.

13. Safety

Foreign Object Damage ("FOD") is a safety concern for the Authority. FOD is caused by trash or other objects that may damage aircraft. The Event is a FOD generator. Licensee agrees to provide, at its own expense, uniformed personnel in sufficient quantity to immediately remove FOD from the runway and service road areas at all times from the beginning to the conclusion of the Event. At the conclusion of the Event, Licensee shall place all trash and FOD in covered containers and on or before the termination of this Agreement shall remove all trash and FOD from Airport premises. In the event FOD is not picked up and removed from Airport premises, the Authority may cause to have the FOD picked up and removed, and Licensee shall pay the Authority \$200 per person per hour with a minimum of 3 hours per person to pick up and remove FOD at the Manager's discretion.

14. Security Measures

Licensee shall ensure that Event participants will only be in the runway and service road areas during the actual race. Licensee will be in constant communication with Authority staff to ensure barriers are in the appropriate locations separating the event staging area from



movement areas.

Licensee agrees to comply with all Federal Aviation Administration ("FAA") Regulations and the Airport Security Plan. Licensee shall be responsible for briefing all Event personnel on security requirements prior to working in the runway and taxiway areas. Licensee shall assume liability for any and all civil sanctions imposed on the Authority for security violations arising out of or in any way connected with the Licensed Premises or this Agreement. Licensee shall be responsible for all costs relating to providing appropriate security measures to ensure compliance with said security regulations associated with the Licensed Premises.

15. Security Deposit

On or before July 1, 2019, Licensee shall have deposited with the Authority the sum of Five Hundred and no/100ths (\$500.00) Dollars as a security deposit to be held by the Authority, without liability for interest thereon, as a security for performance by Licensee of each and every term, covenant and condition of this License Agreement incumbent upon Licensee. Upon expiration of the term of this License Agreement, provided Licensee has complied with all terms hereof, removed all equipment and supplies, disposed of all garbage and FOD, and caused any damage to the Licensed Premises then existing to be repaired, this deposit shall be remitted to Licensee; but if Licensee fails in such compliance, Authority may expend from such deposit the cost of putting Licensee in compliance. Any cost in excess of the security deposit shall constitute additional rent surviving termination of the License Agreement, and any balance remaining shall be remitted to Licensee.

16. Waivers

Runners and event volunteers shall be required to sign waivers in the form of Exhibits C and D respectively holding the Authority and the City of Duluth (the "City") harmless and acknowledging required compliance with all airport safety and security measures.

17. Vehicles

Vehicles of Licensee's employees, officers, agents, servants, volunteers, contractors, invitees and attendees shall be parked outside of the Airport fence. No vehicles of Licensee's employees, officers, agents, servants, volunteers, contractors, invitees or attendees shall be allowed beyond said fence. Only Authority vehicles shall be allowed on the Airport for the duration of the Event. The Authority has implemented a zero tolerance approach to driving

violations.

18. Peace Officers

During the term of this Agreement, Licensee shall arrange for and pay for such uniformed, off-duty peace officers licensed by the State of Minnesota as required by the Manager.

19. Photographs and Recording

From time to time, photographs, motion pictures and/or video recordings (collectively the "Recordings") may be made at the Airport and/or the Licensed Premises, which Recordings may include images of Licensee, its employees, officers, agents, servants, volunteers, contractors, invitees and attendees. Licensee may not hinder, obstruct or interfere in any way with such Recordings whether by the Authority or its employees, officers, agents, servants, contractors, or invitees. By signing this Agreement, Licensee on its own behalf and on behalf of its employees, officers, agents, servants, volunteers, contractors, invitees and attendees, hereby licenses and authorizes Authority to use the names, trademarks, tradenames and logos and likenesses of Licensee and of any of Licensee's employees, officers, agents, servants, volunteers, contractors, invitees and attendees participating in the Event and depicted in any of the Recordings for commercial purposes, including, without limitation, to advertise, promote and market the Airport and/or the Licensed Premises. Licensee shall provide in its contracts with such agents, volunteers, contractors and invitees who are Event participants the authorization for Licensee to grant the above license to the Authority.

20. Independent Contractor

It is agreed that nothing herein contained is intended or should be construed in any manner as creating or establishing a relationship of co-partners between the parties hereto or of constituting Licensee or any of its officers, agents, servants, volunteers, contractors and employees as an officer, agent, servant, volunteer, contractor, representative or employee of the Authority for any purpose or in any manner whatsoever. Licensee's officers, agents, servants, volunteers, contractors and employees shall not be considered employees of the Authority, and any and all claims which may or might arise under the Workers' Compensation Act of the State of Minnesota on behalf of said officers, agents, servants, volunteers,

contractors and employees while engaged in performing any work under this Agreement, and any and all claims whatsoever on behalf of said officers, agents, servants, volunteers, contractors and employees arising out of employment, including, without limitation, claims of discrimination, shall in no way be the responsibility of the Authority. Licensee's officers, agents, servants, volunteers, contractors and employees shall not be entitled to any compensation or right or benefits of any kind whatsoever for leave or vacation pay, Workers' Compensation, Unemployment Insurance, disability pay or severance pay.

21. Indemnification

The Authority and the City shall in no way be liable or responsible for any accident or damage that may occur in the use of the Licensed Premises during the term of this Agreement. Licensee agrees that it shall defend, indemnify and save harmless, the Authority and the City, and their officers, agents, servants and employees from and against any and all claims, demands, suits, judgments, costs and expenses asserted by any person or persons, including agents or employees of the Authority, the City or Licensee, by reason of the death of or injury to person or persons or the loss of or damage to property, or any other claim or cause of action, arising out of or in connection with the use or non-use, condition or occupancy of the Licensed Premises or any part thereof during the term of this Agreement. On ten (10) days' written notice from the Authority, Licensee will appear and defend all lawsuits against the Authority and/or the City growing out of such injuries or damages.

22. Insurance

During the term of this Agreement, the Licensee shall provide General Liability and Automobile Liability Insurance with limits not less than \$1,500,000 Single Limit, and shall be with a company approved by the Authority; and shall provide for the following: Liability for Premises, Operations, Completed Operations, Independent Contractors, and Contractual Liability.

The Authority and the City shall be named as Additional Insureds under the General Liability, Excess Umbrella Liability (An Umbrella policy with a "following form" provision is acceptable if written verification is provided that the underlying policy names the City of Duluth and Authority as an additional insured) and Automobile Liability, or as an alternate, the Licensee may provide Owners-Contractors Protective policy, naming itself, the Authority and

the City. The Licensee shall also provide evidence of Statutory Minnesota Workers' Compensation Insurance. The Licensee to provide certificate of insurance evidencing such coverage with 30 days' notice of cancellation, non-renewal or material change provocations included. The Authority does not represent or guarantee that these types or limits of coverage are adequate to protect the Licensee's interests and liabilities.

If a certificate of insurance is provided, the form of the certificate shall contain an unconditional requirement that the insurer must notify the Authority without fail not less than 30 days prior to any cancellation, non-renewal or modification of the policy or coverages evidenced by said certificate and shall further provide that failure to give such notice to the Authority will render any such change or changes in said policy or coverages ineffective as against the Authority and the City.

If Licensee conducts the sale of any product or service through any third party vendor or contractor, Licensee will be required to secure product liability insurance coverage with the same limits as stated above. Evidence of such insurance coverage shall be specified in the above described Certificate of Insurance and name the Authority and the City as additional insureds.

23. Compliance with Laws, Rules and Regulations

Licensee shall procure at its own expense all licenses, permits or other rights required for the activity contemplated by this Agreement. Licensee agrees to observe, comply and abide with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota, the City and the Authority and their respective agencies which are applicable to its activities under this Agreement.

24. Assignment

Licensee shall not assign its interest under this Agreement or any part hereof without the prior written consent of the Manager.

25. Notices

Any notice to be given by either party shall be deemed to be properly served if deposited with the United States Postal Service, or other acceptable mailing service, postage prepaid, addressed to the Authority as follows:

To Authority: Duluth Airport Authority  
Duluth International Airport  
4701 Grinden Drive  
Duluth, MN 55811  
Attn: Tom Werner

To Licensee: Kernz & Kompany, Inc.  
2110 West 1st Street  
Duluth, MN 55806  
Attn: Ryan Kern

26. Civil Rights Assurances

Licensee for itself, its personal representatives, successors in interests and assigns, as part of the consideration hereof, does hereby covenant and agree as a covenant running with the license to use the Licensed Premises that:

A. No person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination in the use of the Licensed Premises.

B. That in the construction of any improvements on, over or under the Licensed Premises, and in the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination.

C. That Licensee shall use the Licensed Premises in compliance with all requirements imposed by or pursuant to Title 49 Code Federal Regulations, Department of Transportation, Subtitle A, Office of Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of Department of Transportation - Effectuation Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

27. Government Commitments

This Agreement shall be subordinated to the provisions of any existing or future agreement between the Authority and United States of America or the State of Minnesota with regard to the operation or maintenance of the Airport, execution of which has been or may be required as a written precedent to the expenditure of Federal or State funds for the

development or maintenance of the Airport.

28. Choice of Law and Venue

All questions concerning the interpretation or application of provisions of this Agreement shall be decided according to the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota. However, litigation in the federal courts involving the parties shall be in the appropriate federal court within the State of Minnesota.

29. Limitation of Liability

The liability of the Authority and the City shall be governed by the provisions of the Minnesota Municipal Limitation of Liability Statute, Minnesota Statute Section 466 et. seq.

30. No Third Party Claims

This Agreement is to be construed and understood solely as an Agreement between the Authority and Licensee and shall not be deemed to create any rights in any other person. No person shall have the right to make claim that she or he is a third party beneficiary of this Agreement or of any of the terms and conditions hereof, which, as between the Authority and Licensee, may be waived at any time by mutual agreement between the Authority and Licensee.

31. Severability

In the event any provision of this Agreement shall be deemed invalid or unenforceable, the remaining provisions shall continue in force and effect and shall be binding upon the parties to this Agreement.

32. Waiver

Any waiver by either party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision.

33. Amendments

Any amendments to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

34. Entire Agreement

This Agreement constitutes the entire agreement between parties and supersedes all prior written and oral agreements and negotiations between the parties relating to the subject



matter.

IN WITNESS WHEREOF, the parties have set their hands the day and date first above shown.

DULUTH AIRPORT AUTHORITY

KERNZ & KOMPANY, INC.

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Its President

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Its President

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Its Secretary

DULUTH AIRPORT AUTHORITY  
ACKNOWLEDGEMENT

On \_\_\_\_\_, 2019, appeared before me \_\_\_\_\_ and \_\_\_\_\_, the President and Secretary of the Duluth Airport Authority and acknowledged that this agreement had been approved at a legal meeting of the Authority, by majority vote, a quorum being present and proper notice of meeting being given and duly executed this agreement.

\_\_\_\_\_  
Notary Public

Certificate of Secretary

The foregoing instrument was approved at a duly held meeting of Duluth Airport Authority by a majority vote of directors, a quorum being present and proper notice of meeting having been previously given and the signatures of the proper officials are genuine and were executed before me.

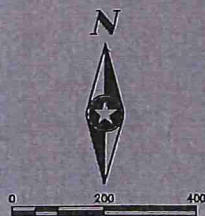
By \_\_\_\_\_  
Secretary

KERNZ & KOMPANY, INC.  
ACKNOWLEDGEMENT

On \_\_\_\_\_, 2019, appeared before me, Ryan Kern, the President of Kernz & Kompany, Inc., a corporation under the laws of the State of Minnesota, on behalf of the corporation.

\_\_\_\_\_  
Notary Public

S:\AE\Public\Common\Sky Harbor\2018 4K Race\2018 4K Run.dwg 1/18/2018 9:06 AM slutterman



SKY HARBOR AIRPORT  
RUNWAY 4K  
DULUTH, MINNESOTA

EXHIBIT A



**EXHIBIT B****Runway 4k Administrative Cost Plan**

SCOPE/TASK TITLE	DIRECTORS	MANAGEMENT STAFF	MAINTENANCE	LEGAL	TOTAL
CONTRACT ADMINISTRATION	1	2		2	5
PAYMENT PROCESSING		2			2
PUBLIC NOTIFICATIONS		1			1
TENNANT COORDINATION		2			2
EVENT OBSERVATION		6			6
LEGAL REVIEW					0

TOTAL HOURS	1	13	0	2	16
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RATE	\$40.06	\$26.46	\$24.72	\$100.00
BENEFITS	131%	131%	131%	
TOTAL COST PER HOUR	\$52.48	\$34.66	\$32.38	\$100.00

TOTAL ADMINISTRATIVE COST INCURRED	\$52.48	\$450.61	\$0.00	\$200.00	\$703.09
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**MISCELLANEOUS EXPENSES**

AIRPORT EQUIPMENT - Airport 2 at \$50/hour	\$250.00
SUPPLIES	\$0.00
TECHNICAL SUPPORT	\$0.00
ADVERTISING	\$0.00

TOTAL MISCELLANEOUS EXPENSES INCURRED	\$250.00
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TOTAL COMBINED COSTS \$953.09

## EXHIBIT C

# Runway 4k Waiver/ Release

**By indicating my acceptance, I understand, agree, warrant and covenant as follows:**

Knowingly and at my own risk, I hereby waive and release any and all claims or lawsuits for injuries or damages, including negligence claims, that I may incur as a result of or related to my participation in the Runway 4k event ("Runway 4k") against, Kernz and Kompany, Inc., the Duluth Airport Authority, and the City of Duluth, all sponsors or any employee, volunteer, official or elected official of these organizations for said injuries or damages.

I understand that the entry fee for Runway 4k is non-refundable for any reason and that unauthorized transferring of race numbers is prohibited. I will not transfer, give, sell or exchange my entry or bib to anyone. I further hereby certify that I have full knowledge of the risks involved with Runway 4k, and I am physically fit and sufficiently trained to participate. However, if as a result of my participation in the Runway 4k I require medical attention, I hereby give my consent to authorized medical personnel of Runway 4k to provide such medical care as is deemed necessary by such authorized personnel. I understand that the Runway 4k is held over a federally restricted area. Participation carries with it certain inherent risks that cannot be eliminated completely, ranging from minor injuries to catastrophic injuries including death. I agree to abide by any decision of an appointed medical official relative to my ability to safely continue or complete Runway 4k. I further assume and will pay my own medical & emergency expenses in the event of an accident, illness, or other incapacity regardless of whether I have authorized such expense. I hereby authorize the disclosure of medically related information concerning my health, injuries, incapacity or medical emergency that may occur in the course of participating in Runway 4k and to allow that information to be provided to a family member, friend, or official of Runway 4k. I further understand that due to the time of year that Runway 4k is held there is the possibility of extreme heat, cold and possibility of lightning during the running of Runway 4k and I do assume all weather related risks with my participation in Runway 4k.

If I am registering third parties, I represent and warrant that I have been duly authorized to act as agent on behalf of such parties in performing Runway 4k registration. By proceeding with Runway 4k registration, I agree that the terms of this Registration Agreement shall apply equally to me and to any third parties for whom I am acting as agent. I represent and warrant that, in compliance with COPPA, I am over thirteen (13) years of age, and that if I am registering a child under fourteen (14) years of age, I am the parent or guardian of such child, and do hereby consent to the collection of such child's personal information.

I hereby grant full permission to Kernz and Kompany, Inc., the Duluth Airport Authority and City of Duluth and/or agents authorized by them, to use any photographs,

videotapes, motion pictures, recordings or any other record of my image, name or picture at Runway 4k at any time without compensation for any legitimate purpose including advertising, promoting and marketing the Airport. I am aware that Runway 4k utilizes the BibTag scoring and timing technology and that my BibTag must be worn properly to receive an official time. I agree that my use of an MP3 player, iPod, cell phone, or other electronic device while on the course will be done so in a reasonable manner using common sense.

I also understand Runway 4k may be cancelled due to any of the following reasons, among others, including weather conditions, natural disasters, or threats to local and/or national security including suspected terrorist activity. I also agree to comply with all Airport safety and security measures.

I have read this waiver carefully & understand it.

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**NAME**

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**DATE**



# Exhibit D

## Runway 4k Volunteer Waiver/Release

**By indicating my acceptance, I understand, agree, warrant and covenant as follows:**

Knowingly and at my own risk, I hereby waive and release any and all claims or lawsuits for injuries or damages, including negligence claims, that I may incur as a result of or related to my volunteering in the Runway 4k event ("Runway 4k") against Kernz and Kompany, Inc., the Duluth Airport Authority, and the City of Duluth, all sponsors or any employee, other volunteers, official or elected official of these organizations for said injuries or damages.

If as a result of my volunteering in the Runway 4k, I require medical attention, I hereby give my consent to authorized medical personnel of Runway 4k to provide such medical care as is deemed necessary by such authorized personnel. I understand that the Runway 4k is held over a federally restricted area. Participation carries with it certain inherent risks that cannot be eliminated completely, ranging from minor injuries to catastrophic injuries including death. I agree to abide by any decision of an appointed medical official relative to my ability to safely continue volunteering at Runway 4k. I further assume and will pay my own medical & emergency expenses in the event of an accident, illness, or other incapacity regardless of whether I have authorized such expense. I hereby authorize the disclosure of medically related information concerning my health, injuries, incapacity or medical emergency that may occur in the course of participating in Runway 4k and to allow that information to be provided to a family member, friend, or Runway 4k official. I further understand that due to the time of year that Runway 4k is held there is the possibility of extreme heat, cold and possibility of lightning during the running of Runway 4k and I do assume all weather related risks with my participation in Runway 4k. I also agree to comply with all Airport safety and security measures.

I hereby grant full permission to Kernz and Kompany, Inc., the Duluth Airport Authority and the City of Duluth and/or agents authorized by them, to use any photographs, videotapes, motion pictures, recordings or any other record of my image, name or picture at Runway 4k at any time without compensation for any legitimate purpose including advertising, promoting and marketing the Airport.

I have read this waiver carefully and understand it.

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**NAME**

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**DATE**