

NEW BUSINESS

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Duluth Airport Authority
Duluth Hangar, LLC (*Formerly Lake Superior Aviation & Jet Duluth*)
Hangar Land Lease

Terms:

- 10 years June 1, 2019 – May 31, 2029
- 2 (5) year option terms

Background:

- Duluth Hangar, LLC leases 36,925 square feet of land where they built the “Jet Duluth” hangar
- There is no longer a chartered jet operation as a part of this agreement; the charter operation has dissolved
- The hangar is used for personal aircraft

Agreement Overview:

- Rent remains at current rate which is comparable to other hangar land leases at DLH
- There is an annual CPI adjustment or 2% increase, whichever is higher
- Any sublease is to be approved by Executive Director
- Lessee responsible for all utilities, taxes, licenses, fees etc.

Why were the changes in key terms needed/wanted?

- Agreement was on a month to month
- Lessee desired to secure longer term agreement

DULUTH AIRPORT AUTHORITY GROUND LEASE AGREEMENT

DULUTH HANGAR, LLC

This Agreement is made in the City of Duluth, State of Minnesota, as of the ____ day of _____ 2019, between the DULUTH AIRPORT AUTHORITY, hereinafter called "Authority", and DULUTH HANGAR, LLC, hereinafter referred to as "Lessee".

THE PARTIES ACKNOWLEDGE THE FOLLOWING:

1. The Authority, created by Minnesota Laws 1969 Chapter 577, operates the Duluth International Airport, located in the City of Duluth, State of Minnesota and hereinafter referred to as "Airport".
2. Lessee is desirous of leasing the property described in Exhibit A attached hereto for purposes allowed herein.
3. The Authority is desirous of leasing property to Lessee.
4. In consideration of the mutual promises, covenants and agreements contained herein, the parties agree as follows:

SECTION 1 DEFINITIONS

The following terms, as used in this Agreement, shall have the meanings as ascribed to them hereunder.

- A. Airport: shall mean the Duluth International Airport located in and adjacent to the City of Duluth, County of St. Louis, State of Minnesota.
- B. City: shall mean the City of Duluth, Minnesota.
- C. Consent or Approval of Authority and of Executive Director: where this Agreement calls for the consent or approval of the Authority, the same shall be in the form of a resolution approved by the Authority as provided by law; where consent or approval of the Executive Director is required, the same shall be evidenced by a written document dated and signed by him/her, or by a person designated by him/her to sign such document.
- D. Leased Premises: shall refer to those premises on a portion of Lot 1, Block 4, Airport Division leased to Lessee for its exclusive use as further described in Section 2 of this Agreement and Exhibit A attached hereto.
- E. Leasehold Improvements: shall refer collectively to all items attached to or located on and within the Leased Premises provided or purchased by Lessee, including such items as decorations, partitions, wiring, lighting and plumbing fixtures, piping, finished ceilings, ventilation duct work, grills, floor and wall coverings, heaters, cabinets, lockers, sinks, counters and signs.

SECTION 2

GROUND LEASE AND USE OF PUBLIC FACILITIES

- A. Ground Lease: The Authority does hereby lease to Lessee and Lessee does hereby lease and accept from Authority that property located at the Airport described in Exhibit A attached hereto, subject to easements running in favor of the City as shown on this registered plot thereof. The Leased Premises contains approximately 36,925 square feet.
- B. Use of Public Facilities: In addition to the above specified Leased Premises, it is agreed that Lessee will have free access to and use of all public facilities at the Airport in common with the general public, such facilities including but not limited to: landing areas, runways; taxiways; ramps; navigational aids and parking areas; provided however, that such access and use shall be upon such terms and under such rules and regulations as they now exist or be hereinafter enacted by the Authority and subject to any charges to various classes of users for such use as may be established from time to time by the Authority. Said terms, regulations and charges shall be made upon the same basis as they are applied to or assessed against other users of the facilities involved unless otherwise set forth herein. Authority shall inform Lessee of any such charges.

SECTION 3

ACTIVITIES PERMITTED ON AIRPORT

Lessee shall have the right to carry out the following activities on the Leased Premises, and no others:

- A. Store aircraft owned and/or operated by Lessee, or its approved sub-lessees;
- B. Maintain aircraft owned and/or operated by Lessee, or its approved sub-lessees;
- C. Store equipment and materials and carry out such other activities related to storage, maintenance and operation of Lessee's aircraft.
- D. Other activities approved by the Executive Director.

SECTION 4

RENT

Lessee agrees to pay the Authority, together with the payments of fees and charges required by this Agreement, an annual rent of \$.22943 per square foot of Leased Premises for a total of Eight Thousand Four Hundred Seventy One Dollars and Seventy Cents (\$8,471.70). Payments shall be made in equal monthly installments of \$705.98 due in advance on the first day of each month.

Beginning on June 1, 2019, and on June 1 of each subsequent year during the term of this Agreement or any extension or holding over thereof, the rent shall increase annually by the greater of 2% or a percentage equal to the annual change in the Consumer Price Index (as hereinafter defined) calculated annually on June 1 as of the previous twelve month period ending April 30 (the "CPI Adjustment"). For purposes hereof, "Consumer Price Index" shall mean the index number published by the United States Department of Labor, Bureau of Labor Statistics (the "Bureau") for "All items in U.S. city average, all urban consumers, not seasonally adjusted – Series ID: CUUR0000SA0". In the event the Bureau ceases publishing the Consumer Price Index, the CPI Adjustment shall be made by resorting to comparable statistics on the purchasing

power of the consumer dollar in Duluth, or if not available then in the United States, as published.

SECTION 5

FEES, TAXES & OTHER CHARGES

In addition to rent due under Section 4, as additional rent Lessee shall pay the following: Lessee shall be liable for the payment of all taxes, assessments, utility charges, license fees or other charges that may be levied or assessed during the term of this Agreement arising in any manner out of Lessee's use or occupation of the Leased Premises, this Agreement, or on account of the transaction of business thereon by Lessee, charged by any governmental agency, and to provide evidence of payment of any such taxes to Authority as such taxes or charges shall become due. If Lessee shall fail or neglect to pay any of said taxes, assessments, utility charges, license fees or other charges when the same become due, the Authority may pay the same, together with any cost or penalty which may be accrued thereon, and collect the entire amount so paid from Lessee, and Lessee hereby agrees to pay such entire amount due to the Authority plus a fifteen percent (15%) administrative fee immediately upon demand therefor.

SECTION 6

TERM

The term of this Agreement shall be for a period of ten (10) years commencing June 1, 2019 and ending on May 31, 2029.

Lessee shall have the option to extend the term of this Agreement by providing written notice to Authority at least six (6) months prior to the termination date of its desire to extend this Agreement. In such event and provided no default has occurred and is continuing, the term of this Agreement shall be extended for up to two (2) additional five-year (5) terms. As used in this Agreement, the word "term" shall include any extension or option terms. This Agreement shall continue during any extension or option term in accordance with the terms and provisions herein. On or after the expiration of the term of this Agreement, or extensions thereof, and upon the prior written approval of the Executive Director, this Agreement shall continue on a month-to-month basis subject to the right of either party to terminate without cause upon thirty (30) days' written notice to the other party.

SECTION 7

CONSTRUCTION AND LEASEHOLD IMPROVEMENTS

- A. In the event that Lessee wishes to make any Leasehold Improvements on or in the Leased Premises, it shall present its request to the Executive Director in writing together with design development or construction drawings showing all details of said Leasehold Improvements. No Leasehold Improvement shall be made in the Leased Premises without the prior written approval of the Executive Director and then only in conformance with the approved plans and this Section.
- B. All work done by Lessee, or under its direction, shall conform to all applicable regulations, building codes and health standards, as well as the following requirements:

1. All construction shall meet the requirement of Type I (fire resistant) construction as set forth in the Minnesota State Building Code (current edition) and the building standards for the Airport.
2. Complete contract drawings and specifications on all work, including alterations, additions or replacements, must be submitted to and receive prior written approval of the Executive Director.
3. All work must be done in the time and manner approved by the Executive Director and coordinated with the Executive Director. Lessee shall comply with the indemnity and insurance and bond requirements of this Agreement.
4. An authorized representative of Lessee shall be available at all reasonable times at the site to coordinate the work of the improvements.

C. Construction Bonds and Insurance

1. Bonds: During the term of this Agreement, when any improvements are constructed, installed or renovated, Lessee shall procure and furnish to Authority a bond or bonds written by a company or companies authorized to write such bonds in the State of Minnesota and who are acceptable to the Authority, in an amount not less than the cost of such construction, installation or renovation, for the use of obligee, Lessee and the Authority and all persons doing work or furnishing skills, tools, machinery, materials, insurance premiums, equipment or supplies incident to such construction, installation or renovation, such bond or bonds to be conditioned for payment of claims as required and in full compliance with Minnesota Statutes Section 574.26. Further, during the term of this Agreement, for any construction, installation or renovation of improvements, and before the commencement of work thereon, Lessee shall furnish to Authority performance bonds, written by similarly qualified companies, covering all work to be performed thereunder guaranteeing the performance of all such work.
2. Public Liability and Property Insurance: Before commencing any improvement, work or equipment installation on the Leased Premises, Lessee shall itself or shall require all contractors and subcontractors to procure and maintain insurance during the life of such contracts, protecting both the Authority, the City and the Lessee as follows:
 - a. Workers' Compensation Insurance.
 - b. Contractors Comprehensive Public Liability and Property Damage Insurance.
 - c. Contractors Automobile Liability and Property Damage Insurance, including automobile and non-ownership and hired cars.
 - d. Owners Protective Public Liability and Protective Property Damage Insurance.
 - e. Builders Risk Insurance (fire, extended coverage, vandalism and malicious mischief, including sprinkler leakage).

Amounts shall not be less than One Million Five Hundred Thousand Dollars (\$1,500,000) for injuries, including accidental death to any one person, and subject to same limit for each person, and in an amount not less than One Million Five Hundred Thousand Dollars (\$1,500,000) for any one accident with a One Million Five Hundred Thousand Dollar (\$1,500,000) aggregate for the policy. Insurance, as above provided, shall be kept intact and in force throughout the term of construction work and equipment installation on the

Leased Premises. Such insurance shall be subject to the approval of the Executive Director and copies furnished to the Executive Director prior to the commencement of construction.

- D. **Subsequent Improvements:** Any changes in, additions to or deletions from existing or later constructed improvements shall be subject to the prior approval of the Executive Director, and Executive Director may impose such conditions as it shall deem necessary to protect the Authority and the integrity of all operations at the Airport, including, but not limited to, bonding and insurance requirements.

SECTION 8

LESSEE'S OBLIGATIONS

- A. **Snow Removal:** Lessee agrees to remove snow from those portions of the Leased Premises used or intended for pedestrian, vehicular, or aircraft passage at its sole expense. Authority agrees to render snow removal assistance to Lessee only in the event of rare and unusually heavy snows that cause aircraft operations to be severely restricted. Lessee is responsible for snowfall clean up including hauling of snow. Authority shall not remove snow from the Leased Premises, nor shall Lessee allow it to remain there.
- B. **Utilities:** The Authority shall have no responsibility to provide any utility or service to the Leased Premises. Lessee shall construct (with the prior written approval of the Executive Director), maintain and pay any costs or user fees as may be necessary to service the Leased Premises.
- C. **Maintenance:** Lessee agrees to keep the Leased Premises in a clean, neat, safe and orderly condition, and in compliance with all laws and codes applicable to the Leased Premises, and to provide at its cost all heat and utilities necessary for the operation of the Leased Premises. Lessee agrees to perform all janitorial services and maintenance of any kind, including structural maintenance, on any structure or portion thereof owned by it. Lessee further agrees to make no attachment to, change of, or exterior redecoration or modification in the Leased Premises without prior written consent of the Executive Director.
- D. **Authority's Fire Insurance:** Lessee covenants that it will not do or permit to be done any act which:
1. Will invalidate or be in conflict with any fire insurance policies covering the Airport or any part thereof or upon the contents of any building thereof; or
 2. Will increase the rate of any fire insurance on the Airport or any part thereof or upon the contents of any building thereof; or
 3. In the opinion of the Authority, will constitute a hazardous condition so as to increase the risks normally attendant upon the operations contemplated by this Agreement.

If, by any reason of the Lessee's failing to comply with the provisions of this section, any fire insurance rate on the Airport or any part thereof or upon the contents of any building thereof, at any time, be higher than it otherwise would be, then the Lessee shall, upon demand,

reimburse the Authority for that part of all fire insurance premiums paid or payable by the Authority which shall have been charged because of such violation by the Lessee.

- E. Drugs and Alcohol: Lessee's operation and use of the Leased Premises shall be in conformance with all federal, state, and local laws, regulations or valid orders controlling drug or alcohol use or possession, including Authority's Drug and Alcohol Policy.
- F. Signs: Signs shall be of safe, legal construction, and shall not detract from the business-like appearance of the Airport, nor lower the value of any Airport property. Location and design of exterior signs must be approved by the Executive Director, in writing.

SECTION 9

AUTHORITY'S OBLIGATIONS

The Authority shall properly maintain, operate and manage the Airport at all times in a safe manner consistent with the generally accepted good practices in the State of Minnesota for airports of similar size and character. If for any reason beyond the control of the Authority (including, without in any manner limiting the generality of the foregoing, war, strikes, riots, change in laws, civil commotion and the like) the Authority shall fail to properly maintain, operate and manage said Airport, such failure shall not operate as a breach of this Agreement nor render the Authority liable in damages.

SECTION 10

INDEMNITY

- A. Defense and Indemnity: Lessee shall indemnify, save, hold harmless, and defend Authority and the City, their officials, agents and employees, successors and assigns, individually or collectively, (1) from and against any and all claims including a claim for contribution or indemnity, demands, causes of action, loss, injury, liability, costs and expenses of whatsoever kind or nature (including but not limited to reasonable attorneys' fees, disbursements, court costs, and expert fees) and damages for or related to injury to or death of persons or damage to property, and (2) from and against any fines in any way arising from or based upon the violation by Lessee, its agents, employees, successors and assigns of any federal, state, or municipal laws, statutes, resolutions, or regulations, including rules or regulations of the Authority now in effect or hereafter promulgated; all arising out of, resulting from, in conjunction with or incident to any act or omission of Lessee, its officials, agents or employees, successors or assigns, Lessee's performance of obligations under this Agreement, or the use and/or occupancy of the Leased Premises or of the Airport by Lessee, its officials, agents or employees, or successors or assigns, and on ten (10) days' written notice from the Authority, the Lessee shall appear and defend all claims and lawsuits against the Authority and/or the City growing out of any such injury or damage.
- B. Environmental Liability: In addition to the general indemnity stated above, and as part of it, it is specifically agreed between the parties that Lessee shall be responsible in all respects for the use of or generation of or release or threatened release of any petroleum based substance or product, or any volatile organic compound, or any substance classified as a pollutant, contaminant, toxic substance, solid waste or a "hazardous waste" by either the Environmental

Protection Agency of the Government of the United States or the Minnesota Pollution Control Agency by Lessee, its officials, agents or employees, successors or assigns. Lessee shall specifically be responsible for the disposition of all such waste or substances and for the environmental response activities and costs, monitoring, or cleanup of any environmental condition deemed by those agencies or either of them to require environmental response, monitoring or cleanup activities of any kind which arises directly or indirectly out of the use of or generation of such substances by Lessee, its officials, agents or employee, successors or assigns arising out of the use and/or occupancy of the Leased Premises or its operations at the Airport; and Lessee specifically agrees that the obligations of Paragraph A above shall apply specifically to any costs or obligations of Authority arising out of any such disposition, cleanup, or environmental response.

- C. Survival: The provision of this Section shall survive the expiration, termination and early cancellation of this agreement.

SECTION 11 INSURANCE

- A. Insurance: Lessee shall carry and maintain in full force and effect during the term of this Agreement the minimum amounts of insurance set forth below. The Lessee shall carry workers' compensation insurance on all of its employees employed on the Airport. Lessee may request the Authority to approve alternative types of insurance providing at least equal protection. All such insurance shall be in at least the following amounts and shall be in a form acceptable to the Authority and approved by the City Attorney, shall name the Authority and the City as additional insureds on each liability policy and shall provide for thirty (30) days' written notice to the Authority of any cancellation or modification thereof. Certified copies thereof or appropriate certificates of insurance evidencing the existence thereof shall be delivered to the Authority prior to the execution of this Agreement. The Authority reserves the right and Lessee agrees to revisions upward or downward in the minimum insurance requirements hereinafter set forth. All insurance required under this Agreement shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota. All insurance policies required below shall be primary and shall not require contribution from any coverage maintained by the Authority and/or the City.

1. Commercial general liability insurance, including contractual, completed operations, premises and operations and products liability coverage in an amount of not less than \$1,500,000 combined single limit or \$1,500,000 bodily injury per occurrence; \$1,500,000 property damage per occurrence and \$1,500,000 in aggregate.
2. Owned, non-owned and hired vehicles in an amount not less than \$1,500,000 combined single limit or \$1,500,000 bodily injury per occurrence; \$1,500,000 per occurrence.
3. Aircraft Liability insurance from an admitted aviation insurance carrier in limits per each occurrence of not less than \$1,000,000 and Aircraft Passenger Liability insurance in limits of not less than \$100,000 for each passenger seat.

4. Worker's Compensation insurance in accordance with the laws of the State of Minnesota.
- B. Insurance Primary. All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or City.
- C. Insurance Not Limitation: It is understood that the specified amounts of insurance stated in this paragraph shall in no way limit the liability of Lessee under this Section.
- D. Disclaimer: Authority does not represent or guarantee that these types or limits of coverage are adequate to protect the Lessee's interests and liabilities. It shall be the obligation and responsibility of Lessee to insure, as it deems prudent, its own personal property, against damage. Authority does not have insurance coverage for Lessee's property and Authority expressly disclaims any and all liability for any and all losses, damage and/or claims to vehicles and/or personal possessions of Lessee.

SECTION 12

LAWS, ORDINANCES, RULES AND NON-DISCRIMINATION

- A. Laws, Ordinances and Rules: The Lessee agrees to observe and comply with all the laws, ordinances, rules and regulations of the United States of America, State of Minnesota, the City of Duluth, and their respective agencies now in effect or hereinafter promulgated which are applicable to its business at the Airport including all laws relating to unlawful discrimination, and further agrees to observe and comply with all Airport rules and regulations in existence at the execution of this Agreement and which may, from time to time, be promulgated by the Authority governing conduct on and operations at the Airport and the use of its facilities, as administered by the Executive Director. Further, Lessee agrees to fulfill its responsibilities pursuant to the Airport Security Plan approved by the Federal Aviation Administration and any amendments thereto.
- B. Non-discrimination: The Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant with the land that:
1. No person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination in the use of said facilities; and
 2. In the construction of any improvement on, over or under such land and 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; and

That the Lessee shall use the Leased Premises in compliance with all of the requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

SECTION 13
AUTHORITY'S RIGHTS UPON DEFAULT

- A. Authority's Rights: If at any time Lessee shall be in default, as defined in this Section, with regard to the requirements of this Agreement, it shall be lawful for the Authority, and the Authority may at any time thereafter:
1. Immediately, or at any time thereafter without further notice to Lessee, re-enter into or upon the Leased Premises or any part thereof and take possession of the same fully and absolutely without such re-entry working a forfeiture of the rents or other charges to be paid of the covenants, terms and conditions to be performed by Lessee for the full term of this Agreement, and in the event of such re-entry, the Authority may proceed with the collection of rents and other charges to be paid under this Agreement or to recover damages; or
 2. Authority may at its election terminate this Agreement upon written notice in the manner hereinafter provided and re-enter upon the Leased Premises and take possession and use thereof as authorized by law, including the Duluth Airport Authority enabling act (Laws of Minnesota, 1969, Chapter 577), and the Lessee covenants in case of such termination to indemnify the Authority against all loss of rents and expense which the Authority has suffered or paid by reason of such termination, during the residue of the term; or
 3. The Authority shall further have all other rights and remedies including injunctive relief, ejectment or summary proceedings for unlawful detainer, and any or all such legal remedies, actions and proceedings and all such remedies shall be cumulative.
- B. Default Defined: For the purposes of this Section only "default" shall be defined when any of the following circumstances exist:
1. If the Lessee has failed to pay rent, fees, taxes or other charges when due hereunder and such failure to pay shall continue for ten (10) days after notice in writing in the manner hereinafter provided for.
 2. If the Lessee fails in the observance or performance of any of the other terms, covenants and conditions of this Agreement and such failure shall continue for twenty (20) days after Authority has given Lessee written notice, or the Lessee shall have failed to commence the rectification of such failure within twenty (20) days after such notice and to diligently prosecute the same cannot be completed within twenty (20) days, or
 3. If a petition to reorganize the Lessee or for its arrangement of its unsecured debts shall be filed, or
 4. If the Lessee shall be adjudicated bankrupt, or
 5. If a receiver or trustee of the Lessee's property shall be appointed by any court, or

6. If the Lessee shall make a general assignment for the benefit of creditors, or
 7. If all of the interest of the Lessee in its property shall be taken by garnishment, attachment, execution or other process of law, or
 8. If the Leased Premises shall be deserted or vacated.
- C. Notice to Lender: Lessee agrees that it will give to Authority notice of any commercial lending institution to which rights under this Agreement have been assigned pursuant to Section 17 below. In the event of default under this Agreement, Authority agrees to give notice to any such institution in the same manner as notice is provided for in paragraph B.2. above.

SECTION 14

TERMINATION BY LESSEE

- A. Termination: Lessee may terminate this Agreement prior to the end of its term, or any extension thereof, for the following reasons:
1. Failure of Authority to substantially perform its obligations hereunder, if such failure shall continue for sixty (60) days after Lessee has given Authority written notice or the Authority shall fail to commence the rectification of such failure within sixty (60) days after such notice and to diligently prosecute the same where the same cannot be completed within sixty (60) days.
 2. If the Authority shall commit any act or engage in any activity that prevents the Lessee from conducting its business as provided under the terms of this Agreement for a period of sixty (60) days without the consent of Lessee and after Lessee has given notice to the Authority as provided for herein.
- B. In Lieu of Termination: In lieu of termination of this Agreement by the Lessee under the provisions of Paragraph A above, the Lessee may, at its option, declare a moratorium on rent payments, or any other payments provided hereunder to the Authority during the interruptions of Lessee's activities and in such event, the term of this Agreement shall be extended for the period of such interruption, or interruptions, and the moratorium on any payments hereunder by Lessee shall continue until Lessee operations can be uninterruptedly continued. Lessee shall not be in default of its payment obligations under this Agreement by virtue of the moratorium authorized herein.

SECTION 15

WAIVER OF BREACH

The waiver by the Authority or the Lessee of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. To be effective, waivers must be in writing.

SECTION 16
REAL PROPERTY UPON TERMINATION

A. Lessee's Option to Sell

The Lessee shall have the option to sell any buildings or improvements on the Leased Premises to a third party ninety (90) or more days before the termination of this Agreement, or such later time agreed to in writing by the parties. Such sale shall be subject to approval of the Authority, which approval shall not be unreasonably withheld.

B. Authority's Option to Buy

At the termination of this Agreement, Authority shall have the option to purchase from Lessee any buildings or Leasehold Improvements on Leased Premises that are then owned by Lessee. Forty-five (45) days or more prior to the termination of this Agreement, or such later time agreed to in writing by the parties, Authority shall give written notice of its interest to purchase the buildings or Leasehold Improvements. If the parties do not agree on a purchase price, the purchase price for said buildings and Leasehold Improvements shall be determined by an appraisal of the fair market value thereof made by a board of three (3) appraisers, one of whom shall be named by the Authority, one of whom shall be named by the Lessee, and the third of whom shall be named by the two appraisers appointed respectively by the Lessee and the Authority. The cost of said appraisal shall be born equally by Lessee and Authority. If agreed to by Authority, said purchase price, as so determined, shall be paid by Authority to Lessee in cash within sixty (60) days after completion of said appraisal upon Lessee's tendering to Authority good and marketable title to said buildings and Leasehold Improvements, free and clear of all encumbrances.

C. Removal If Option Not Exercised

In the event that Authority does not exercise its option to purchase said buildings or Leasehold Improvements as provided for herein, and if Lessee shall have paid all taxes, assessments, rent or other charges by it payable under the terms of this Agreement, and shall have kept and performed all of the terms and conditions of this Agreement, then Lessee shall have the privilege of removing from said the Leased Premises all buildings or Leasehold Improvements thereon belonging to the Lessee, and shall restore the Leased Premises to as good condition as they were in when they were entered upon by Lessee, provided that Lessee shall do so within sixty (60) days after the termination of this Agreement. If said buildings or Leasehold Improvements are not so removed, the Lessee hereby conveys the same absolutely to the Authority and title thereto, upon the expiration of said sixty (60) day period shall vest with Authority without further act or conveyance; provided, however, that if Lessee demonstrates to Authority that for reasons beyond the control of Lessee such removal cannot be completed within said sixty (60) day period, then the Executive Director may in his/her discretion allow Lessee, in writing, a reasonable extension of time for such removal. In the event the building and Leasehold Improvements are not removed within said sixty (60) day time period or such extension thereof as may be allowed by the Executive Director, the Authority, at its sole option, may remove or demolish or cause the removal or demolition of the building and Leasehold Improvements or any portion thereof, at Lessee's sole cost and expense, and payment for said removal or demolition shall be made immediately upon receipt by Lessee of invoice therefor.

D. Restore Premises

In all events upon the termination of this Agreement, Lessee agrees to repair or restore any damage to the Leased Premises or diminution in the value thereof resulting from Lessee's operation on the Airport except normal wear and tear which are the natural and normal consequences of Lessee's operations at the Airport.

SECTION 17
SUBLEASES & ASSIGNMENTS

Any sublease of the Leased Premises or assignment of this lease must be approved, in writing, by Authority before it is effective. It is expressly agreed by the Lessee that in the event of subletting of the Leased Premises, the sub-lessee or assignee shall be required to assume and agree to perform the covenants of this Agreement and that notwithstanding any such subletting, the Lessee shall be and remain liable for the payments of all rents and the performance of all covenants and conditions for the full term of this Agreement.

SECTION 18
ERECTION OF SIGNS

The Lessee shall be allowed to erect suitable signs on the Leased Premises, but the form, type, size, materials, and method of installation of any such signs shall be subject to the approval of the Executive Director of the Authority. Signs shall also be in conformance with Section 8.F. of this Agreement.

SECTION 19
GOVERNMENTAL COMMITMENTS

Nothing herein shall be construed to prevent the Authority from making such commitments as it desires to the Government of the United States or to the State of Minnesota in order to qualify for the expenditure of Federal or State funds at the Airport or related in any manner to the operation thereof, and this Agreement shall be subordinate to the provisions of any existing or future agreement between the Authority and the Government of the United States or the State of Minnesota relative to the operation or maintenance of the Airports.

SECTION 20
CONFIDENTIALITY

The Authority and its agents shall use due care to treat confidentially all matters pertaining to Lessee's activities, except those things, which by law must become part of public information.

SECTION 21
SEVERABILITY

It is the intent of both parties hereto that the provisions of this Agreement shall be severable with respect to the effect of a declaration of invalidity by any court of competent jurisdiction of any provision of the Agreement or the application thereof.

SECTION 22
MODIFICATION OF THE AGREEMENT

Any of the terms of this Agreement may be changed upon the mutual consent of the Authority and the Lessee, but to be valid any such changes must be in writing, dated, and duly executed by the Parties.

SECTION 23
NOTICES

All notices to be given by Lessee to the Authority shall be deemed to have been given by depositing written notice in the United States Mail, addressed to:

Duluth Airport Authority: **4701 Grinden Drive** **Duluth MN 55811**

All notices to be given by Authority to Lessee shall be deemed to have been delivered by depositing the same in writing in the United States Mail addressed to:

Duluth Hangar, LLC: **PO Box 161830** **Duluth MN 55816**

SECTION 24
EASEMENT FOR UTILITIES

Authority and City and their agents, assigns, or licensees, reserve an easement and license to enter upon the Leased Premises to install, maintain, construct or repair any water, gas, sewer, electrical or other utilities as needed to maintain or improve said utilities for the benefit of the Leased Premises or other Airport or City property; provided, however, that this right must be exercised in a reasonable manner and without cost to Lessee or damage to Lessee's property.

SECTION 25
COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any Party whose signature appears thereon, but all of which together shall constitute but one and the same instrument. Signatures to this Agreement transmitted by facsimile, by electronic mail in "portable document format" (".pdf"), or by any other electronic means which preserves the original graphic and pictorial appearance of the Agreement, shall have the same effect as physical delivery of the paper document bearing the original signature.

SECTION 26
APPLICABLE LAW

This Agreement, together with all of its sections, terms and provisions, is made in the State of Minnesota and shall be construed and interpreted 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.

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

DULUTH AIRPORT AUTHORITY

DULUTH HANGAR, LLC

By _____
Its President

By _____

Its _____

Print

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By _____
Its Secretary

Print

APPROVED AS TO FORM:

By _____
Assistant City Attorney

DULUTH AIRPORT AUTHORITY

Acknowledgement:

On _____, 2019, appeared before me _____ and _____, the President and Secretary of 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
My commission expires _____

DULUTH HANGAR, LLC

Acknowledgement:

On _____, 2019, appeared before me Terry Johnson and Braford Skytta, the President and Secretary Treasurer of **Duluth Hangar, LLC**, (Lessee), and executed this agreement.

Notary Public
My commission expires _____

Exhibit A

Property Description:

The westerly 211 feet of the northerly 175 feet of the southerly 356 feet of Lot 1, Block 4, AIRPORT DIVISION, according to the recorded plat thereof, located in the South East Quarter of Section 2, Township 50 North, Range 15 West, St. Louis County, Minnesota





Duluth Airport Authority
General Services Administration (GSA)
Terminal Space Lease

Terms:

- 10 years June 1, 2019 – May 31, 2029

Background:

- GSA is the leaseholder for space in terminal used by TSA
- 1,430 square feet is leased
- Operating costs as well as parking are factored into lease amount
- DAA pays for all utilities

Agreement Overview:

- Rental rate increased minimally
- Annual CPI adjustments begin in second year of agreement

Why were the changes in key terms needed/wanted?

- Original 10 year agreement expired in 2018 and 1 year extension was granted to finalize new agreement

LEASE NO. GS-05P-LMN00332

On-Airport Lease
GSA FORM L201D (October 2017)

This Lease is made and entered into between

Duluth Airport Authority

(Lessor), whose principal place of business is 4701 GRINDEN DR, Duluth MN 55811-1578 and whose interest in the Property described herein is that of Fee Owner, and

The United States of America

(Government), acting by and through the designated representative of the General Services Administration (GSA), upon the terms and conditions set forth herein.

Witnesseth: The parties hereto, for the consideration hereinafter mentioned, covenant and agree as follows:

Lessor hereby leases to the Government the Premises described herein, being all or a portion of the Property located at

4701 GRINDEN DR
Duluth MN 55811

and more fully described in Section 1

LEASE TERM

To Have and To Hold the said Premises with its appurtenances for the term beginning upon acceptance of the Premises as required by this Lease and continuing for a period of

10 Years, 3 Years Firm,

Subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease, along with any applicable termination and renewal rights, shall be June 1 2019- May 31 2029.

In Witness Whereof, the parties to this Lease evidence their agreement to all terms and conditions set forth herein by their signatures below, to be effective as of the date of delivery of the fully executed Lease to the Lessor.

Subject to termination and renewal rights as may be hereinafter set forth. The commencement date of this Lease, along with any applicable termination and renewal rights, shall be more specifically set forth in a Lease Amendment upon substantial completion and acceptance of the Space by the Government.

FOR THE LESSOR:

FOR THE GOVERNMENT:

Name: _____

Title: _____

Entity Name: _____

Date: _____

Title: Lease Contracting Officer

General Services Administration, Public Buildings Service

Date: _____

WITNESSED FOR THE LESSOR BY:

Name: _____

Title: _____

Date: _____

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SECTION 1 THE PREMISES, RENT, AND OTHER TERMS

1.01 THE PREMISES (SEP 2015)

The Premises are described as follows:

- A. Office and Related Space: 1,430 rentable square feet (RSF), yielding 1,430 ANSI/BOMA Office Area (ABOA) square feet (SF) of office and related Space located on the first, second and third floor(s), of the Building, as depicted on the floor plan(s) attached hereto as Exhibit A.
- B. Common Area Factor: The Common Area Factor (CAF) is established as 1.0 percent. This factor, which represents the conversion from ABOA to rentable square feet, rounded to the nearest whole percentage, shall be used for purposes of rental adjustments in accordance with the Payment Clause of the General Clauses.

1.02 EXPRESS APPURTENANT RIGHTS (SEP 2013)

The Government shall have the non-exclusive right to the use of Appurtenant Areas, and shall have the right to post Rules and Regulations Governing Conduct on Federal Property, Title 41, CFR, Part 102-74, Subpart C within such areas. The Government will coordinate with Lessor to ensure signage is consistent with Lessor's standards. Appurtenant to the Premises and included in the Lease are rights to use the following:

- A. Parking: 2 surface/outside parking spaces, reserved for the exclusive use of the Government. In addition, the Lessor shall provide such additional parking spaces as required by the applicable code of the local government entity having jurisdiction over the Property.
- B. Antennas, Satellite Dishes and Related Transmission Devices: (1) Space located on the roof of the Building sufficient in size for the installation and placement of telecommunications equipment, (2) the right to access the roof of the Building, and (3) use of all Building areas (e.g., chases, plenums, etc.) necessary for the use, operation, and maintenance of such telecommunications equipment at all times during the term of this Lease.

1.03 RENT AND OTHER CONSIDERATION (ON-AIRPORT) (OCT 2017)

- A. The Government shall pay the Lessor annual rent payable monthly in arrears at the following rates:

	Annual	Rate Per RSF
Shell	\$30,873.70	\$21.59
Operating	\$28,728.70	\$20.09
Total Rent	\$59,602.40	\$41.68
Parking	\$2,400.00	
Rent and Parking Cost	\$62,003.40	

- B. Parking shall be provided at a rate of \$1,200 per parking space per year(surface/inside),
- C. ~~In accordance with the Lease negotiations, the Lessor has offered free rent to the Government for the first XX (X) months of the Lease. Therefore, the first XX (X) months of the Lease shall be provided at no cost to the Government.~~
- D. Rent is subject to adjustment based upon a mutual measurement of the Space upon acceptance, not to exceed 1,430 ABOA SF. based upon the methodology outlined under the "Payment" clause of GSA Form 3517.
- E. Rent is subject to adjustment based upon the final TI cost to be amortized in the rental rate, as agreed upon by the parties subsequent to the Lease Award Date.
- F. If the Government occupies the Premises for less than a full calendar month, then rent shall be prorated based on the actual number of days of occupancy for that month.
- G. Rent shall be paid to Lessor by electronic funds transfer in accordance with the provisions of the General Clauses. Rent shall be payable to the Payee designated by the Lessor in the System for Award Management (SAM). If the payee is different from the Lessor, both payee and Lessor must be registered in SAM. This registration service is free of charge.
- H. The Lessor shall provide to the Government, in exchange for the payment of rental and other specified consideration, the following:
1. The leasehold interest in the Property described herein in the paragraph entitled "The Premises,"

2. All costs, expenses and fees to perform the work required for acceptance of the Premises in accordance with this Lease, including all costs for labor, materials, and equipment, professional fees, contractor fees, attorney fees, permit fees, inspection fees, and similar such fees, and all related expenses;

3. Performance or satisfaction of all other obligations set forth in this Lease; and,

4. All services, utilities, and maintenance required for the proper operation of the Property, the Building, and the Premises in accordance with the terms of the Lease, including, but not limited to, all inspections, modifications, repairs, replacements, and improvements required to be made thereto to meet the requirements of this Lease.

1.04 TERMINATION RIGHTS (ON-AIRPORT) (SEP 2013)

A. The Government may terminate this Lease, in whole or in part, at any time during the term of this lease with 90 days' prior written notice to the Lessor if (i) regularly scheduled commercial air services cease, (ii) the airport opts to replace TSA screeners with private contractors, (iii) the checkpoint supported by the leased Space is closed, or (iv) the Government reduces its presence at the airport due to a reduction in enplanements. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.

~~B. The Government may terminate this Lease, in whole or in part, at any time effective after the Firm Term of this Lease, by providing not less than XX days' prior written notice to the Lessor. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination.~~

1.05 RENEWAL RIGHTS (OCT 2016)

~~This Lease may be renewed at the option of the Government for a term of XX YEARS at the following rental rate(s):~~

	OPTION TERM, YEARS XX-XX	
	ANNUAL RENT	ANNUAL RATE / RSF
SHELL RENTAL RATE	\$XX	\$XX
OPERATING COSTS	OPERATING COST BASIS SHALL CONTINUE FROM THE EFFECTIVE YEAR OF THE LEASE. OPTION TERM IS SUBJECT TO CONTINUING ANNUAL ADJUSTMENTS.	

~~provided notice is given to the Lessor at least XX days before the end of the original lease term, all other terms and conditions of this Lease, as same may have been amended, shall remain in full force and effect during any renewal term.~~

~~Termination rights outlined "Termination Rights" paragraph apply to all renewal terms.~~

1.06 DOCUMENTS INCORPORATED IN THE LEASE (ON-AIRPORT) (OCT 2017)

The following documents are attached to and made part of the Lease:

DOCUMENT NAME	NO. OF PAGES	EXHIBIT
Floor Plan(s)	1	A
GSA Form 3517B, General Clauses	4	B
GSA Form 3518-SAM, Addendum to System for Award Management (SAM) Representations and Certifications (Acquisitions of Leasehold Interests in Real Property)	5	C
GSA Form 3518-SAM, Representations and Certifications (Acquisitions of Leasehold Interests in Real Property)	6	D
Janitorial Services	1	F

1.07 OPERATING COST BASE (OCT 2016)

The parties agree, for the purpose of applying the paragraph titled "Operating Costs Adjustment," that the Lessor's base rate for operating costs shall be \$20.09 per RSF.

1.08 LESSOR'S DUNS NUMBER (OCT 2017)

Lessor's Dun & Bradstreet DUNS Number: 132648346.

SECTION 2 GENERAL TERMS, CONDITIONS, AND STANDARDS

2.01 DEFINITIONS AND GENERAL TERMS (OCT 2016)

Unless otherwise specifically noted, all terms and conditions set forth in this Lease shall be interpreted by reference to the following definitions, standards, and formulas:

- A. Appurtenant Areas. Appurtenant Areas are defined as those areas and facilities on the Property that are not located within the Premises, but for which rights are expressly granted under this Lease, or for which rights to use are reasonably necessary or reasonably anticipated with respect to the Government's enjoyment of the Premises and express appurtenant rights.
- B. Broker. If GSA awarded this Lease using a contract real estate broker, Broker shall refer to GSA's broker.
- C. Building. Building(s) situated on the Property in which the Premises are located .
- D. Commission Credit. If GSA awarded this Lease using a Broker, and the Broker agreed to forego a percentage of its commission to which it is entitled in connection with the award of this Lease, the amount of this credit is referred to as the "Commission Credit."
- E. Common Area Factor. The "Common Area Factor" (CAF) is a conversion factor determined by the Building owner and applied by the owner to the ABOA SF to determine the RSF for the leased Space. The CAF is expressed as a percentage of the difference between the amount of rentable SF and ABOA SF, divided by the ABOA SF. For example 11,500 RSF and 10,000 ABOA SF will have a CAF of 15% $[(11,500 \text{ RSF} - 10,000 \text{ ABOA SF}) / 10,000 \text{ ABOA SF}]$. For the purposes of this Lease, the CAF shall be determined in accordance with the applicable ANSI/BOMA standard for the type of space to which the CAF shall apply.
- F. Contract. Contract shall mean this Lease.
- G. Contractor. Contractor shall mean Lessor.
- H. Days. All references to "day" or "days" in this Lease shall mean calendar days, unless specified otherwise.
- I. FAR. All references to the FAR shall be understood to mean the Federal Acquisition Regulation, codified at 48 CFR Chapter 1.
- J. Firm Term/Non-Firm Term. The Firm Term is that part of the Lease term that is not subject to termination rights. The Non-Firm Term is that part of the Lease term following the end of the Firm Term.
- K. GSAR. All references to the GSAR shall be understood to mean the GSA supplement to the FAR, codified at 48 CFR Chapter 5.
- L. Lease Term Commencement Date. The date on which the Lease term commences.
- M. Lease Award Date. The date the LCO executes the Lease and mails or otherwise furnishes written notification of the executed Lease to the successful Offeror (date on which the parties' obligations under the Lease begin).
- N. Premises. The Premises are defined as the total Office Area or other type of Space, together with all associated common areas, described in Section 1 of this Lease, and delineated by plan in the attached exhibit. Parking and other areas to which the Government has rights under this Lease are not included in the Premises.
- O. Property. The Property is defined as the land and Buildings in which the Premises are located, including all Appurtenant Areas (e.g., parking areas) to which the Government is granted rights.
- P. Rentable Space or Rentable Square Feet (RSF). Rentable Space is the area for which a tenant is charged rent. It is determined by the Building owner and may vary by city or by building within the same city. The Rentable Space may include a share of Building support/common areas such as elevator lobbies, Building corridors, and floor service areas. Floor service areas typically include restrooms, janitor rooms, telephone closets, electrical closets, and mechanical rooms. The Rentable Space does not include vertical building penetrations and their enclosing walls, such as stairs, elevator shafts, and vertical ducts. Rentable Square Feet is calculated using the following formula for each type of Space (e.g., office, warehouse, etc.) included in the Premises: $\text{ABOA SF of Space} \times (1 + \text{CAF}) = \text{RSF}$.
- Q. Space. The Space shall refer to that part of the Premises to which the Government has exclusive use, such as Office Area, or other type of Space. Parking areas to which the Government has rights under this Lease are not included in the Space.
- R. Office Area. For the purposes of this Lease, Space shall be measured in accordance with the standard (Z65.1-1996) provided by American National Standards Institute/Building Owners and Managers Association (ANSI/BOMA) for Office Area, which means "the area where a tenant normally houses personnel and/or furniture, for which a measurement is to be computed." References to ABOA mean ANSI/BOMA Office Area.
- S. Working Days. Working Days shall mean weekdays, excluding Saturdays and Sundays and Federal holidays.

2.02 AUTHORIZED REPRESENTATIVES (OCT 2016)

Signatories to this Lease shall have full authority to bind their respective principals with regard to all matters relating to this Lease. No other persons shall be understood to have any authority to bind their respective principals, except to the extent that such authority may be explicitly delegated by notice to the other party, or to the extent that such authority is transferred by succession of interest. The Government shall have the right to substitute its Lease Contracting Officer (LCO) by notice, without an express delegation by the prior LCO.

2.03 WAIVER OF RESTORATION (OCT 2016)

Lessor shall have no right to require the Government to restore the Premises upon termination of the Lease, and waives all claims against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the Premises during the term of the Lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the Premises regardless of whether such alterations are performed by the Lessor or by the Government. At its sole option, the Government may abandon property in the Space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.

2.04 OPERATING COSTS ADJUSTMENT (JUN 2012)

A. Beginning with the second year of the Lease and each year thereafter, the Government shall pay annual incremental adjusted rent for changes in costs for cleaning services, supplies, materials, maintenance, trash removal, landscaping, water, sewer charges, heating, electricity, and certain administrative expenses attributable to occupancy.

B. The amount of adjustment will be determined by multiplying the base rate by the annual percent of change in the Cost of Living Index. The percent change will be computed by comparing the index figure published for the month prior to the Lease Term Commencement Date with the index figure published for the month prior which begins each successive 12-month period. For example, a Lease which commences in June of 2005 would use the index published for May of 2005, and that figure would be compared with the index published for May of 2006, May of 2007, and so on, to determine the percent change. The Cost of Living Index will be measured by the Department of Labor revised Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), U.S. city average, all items, (1982 to 1984 = 100) published by the Bureau of Labor Statistics. Payment will be made with the monthly installment of fixed rent. Rental adjustments will be effective on the anniversary date of the Lease; however, payment of the adjusted rental rate will become due on the first workday of the second month following the publication of the Cost of Living Index for the month prior to the commencement of each 12-month period.

C. In the event of any decreases in the Cost of Living Index occurring during the term of the occupancy under the Lease, the rental amount will be reduced accordingly. The amount of such reductions will be determined in the same manner as increases in rent provided under this paragraph.

D. If the Government exercises an option to extend the Lease term at the same rate as that of the original term, the option price will be based on the adjustment during the original term. Annual adjustments will continue.

2.05 RELOCATION RIGHTS (JUN 2012)

If it becomes necessary in the orderly development of the Airport, Lessor may require the relocation of Premises to other space at the Airport which, in the reasonable judgment of Lessor, is similar and suitable for the purposes for which this Lease is entered as such purposes are set forth herein. Should such relocation be necessary, the Lessor shall provide the Government a minimum of 120 days prior written notice. Lessor shall be responsible for all costs for such relocation, including all costs for moving furniture, office equipment, telephone and data lines, and any other costs associated with replicating necessary operational features provided in the space originally leased. The Airport shall provide such relocated Premises at the same rental rate as the original Premises, unless the new Premises are located in an area for which the Airport charges tenants a lower rate, in which event the parties shall negotiate a reduction in the rental rate.

2.06 RECITALS FOR TRANSPORTATION SECURITY ADMINISTRATION (ON-AIRPORT) (JUN 2012)

A. The Transportation Security Administration (TSA) is required, pursuant to 49 U.S.C. 40101—The Aviation and Transportation Security Act (ATSA), to oversee security measures at the Airport.

B. TSA is responsible for airline passenger and baggage screening services at the Airport.

C. The U.S. General Services Administration (GSA), on behalf of TSA, leases certain facilities on the Airport premises for administrative offices and/or break rooms in support of airport passenger and baggage screening services by the TSA.

D. Space for TSA to screen passengers and baggage is expressly excluded from this Lease.

2.07 ACCEPTANCE OF SPACE AND CERTIFICATE OF OCCUPANCY (ON-AIRPORT) (MAY 2015)

A. The Lessor shall provide floor plans for the Space and a valid Certificate of Occupancy (C of O), issued by the local jurisdiction, for the intended use of the Government. If the local jurisdiction does not issue C of O's or if the C of O is not available, the Lessor may satisfy this condition by providing a report prepared by a licensed fire protection engineer that verifies that the Space complies with all applicable local fire protection and life safety codes and ordinances and all fire protection and life safety-related requirements of this Lease.

B. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

2.08 ALTERATIONS PRIOR TO ACCEPTANCE (JUN 2012)

The Government's rights stated under the General Clause "Alterations" also apply to initial build-out of the Premises.

2.09 SYSTEM FOR AWARD MANAGEMENT (OCT 2017)

The Offeror must have an active registration in the System for Award Management (SAM), via the Internet at <https://www.acquisition.gov>, prior to the Lease award and throughout the life of the Lease. Registration must be for purposes of "All Awards" and include completion of all required representations and certifications within SAM. To remain active, the Offeror/Lessor is required to update or renew its registration annually. The Government will not process rent payments to Lessors without an active registration in SAM. No change of ownership of the leased Premises will be recognized by the Government until the new owner registers in SAM.

2.10 SECURITY UPGRADES DUE TO IMMEDIATE THREAT (APR 2011)

The Government reserves the right, at its own expense and with its own personnel, to heighten security in the Building under Lease during heightened security conditions due to emergencies such as terrorist attacks, natural disaster, and civil unrest.

SECTION 3 CONSTRUCTION STANDARDS AND SHELL COMPONENTS

3.01 BUILDING SHELL REQUIREMENTS (ON-AIRPORT) (SEP 2013)

A. The Building Shell shall be designed, constructed, and maintained in accordance with the standards set forth herein and completed prior to acceptance of Space. For pricing, fulfillment of all requirements not specifically designated as operating costs or other rent components as indicated shall be deemed included in the Shell Rent.

B. Base structure and Building enclosure components shall be complete. All common areas accessible by the Government, such as lobbies, fire egress corridors and stairwells, elevators, garages, and service areas, shall be complete. Restrooms shall be complete and operational. All newly installed Building shell components, including but not limited to, heating, ventilation, and air conditioning (HVAC), electrical, ceilings, sprinklers, etc., shall be furnished, installed, and coordinated with TIs. Circulation corridors are provided as part of the base Building only on multi-tenanted floors where the corridor is common to more than one tenant. On single tenant floors, only the fire egress corridor(s) necessary to meet code is provided as part of the shell.

3.02 MEANS OF EGRESS (MAY 2015)

A. Prior to occupancy, the Premises and any parking garage areas shall meet or will be upgraded to meet, either the applicable egress requirements in the National Fire Protection Association, Life Safety Code (NFPA 101), or the International Code Council, International Building Code (IBC), each current as of the Lease Award Date, or use an alternative approach or method that achieves an equivalent level of safety deemed acceptable by the Government.

B. The Space shall have unrestricted access to a minimum of two remote exits on each floor of Government occupancy.

C. Interlocking or scissor stairs located on the floor(s) where Space is located shall only count as one exit stair.

D. A fire escape located on the floor(s) where Space is located shall not be counted as an approved exit stair.

E. Doors shall not be locked in the direction of egress unless equipped with special locking hardware in accordance with requirements of NFPA 101 or the IBC.

3.03 AUTOMATIC FIRE SPRINKLER SYSTEM (SEP 2013)

A. Any portion of the Space located below-grade, including parking garage areas, and all areas in a Building referred to as "hazardous areas" (defined in National Fire Protection Association (NFPA) 101) that are located within the entire Building (including non-Government areas) shall be protected by an automatic fire sprinkler system or an equivalent level of safety.

B. For Buildings in which any portion of the Space is on or above the sixth floor, then, at a minimum, the Building up to and including the highest floor of Government occupancy shall be protected by an automatic fire sprinkler system or an equivalent level of safety.

C. For Buildings in which any portion of the Space is on or above the sixth floor, and lease of the Space will result, either individually or in combination with other Government Leases in the Building, in the Government leasing 35,000 or more ANSI/BOMA Office Area SF of Space in the Building, then the entire Building shall be protected throughout by an automatic fire sprinkler system or an equivalent level of safety.

D. Automatic fire sprinkler system(s) shall be installed in accordance with the requirements of NFPA 13, Standard for the Installation of Sprinkler Systems that was in effect on the actual date of installation.

E. Automatic fire sprinkler system(s) shall be maintained in accordance with the requirements of NFPA 25, Standard for the Inspection, Testing, and Maintenance of Water-based Fire Protection Systems (current as of the Lease Award Date).

F. "Equivalent level of safety" means an alternative design or system (which may include automatic fire sprinkler systems), based upon fire protection engineering analysis, which achieves a level of safety equal to or greater than that provided by automatic fire sprinkler systems.

3.04 FIRE ALARM SYSTEM (SEP 2013)

A. A Building-wide fire alarm system shall be installed in the entire Building in which any portion of the Space is located on the 3rd floor or higher.

B. The fire alarm system shall be installed in accordance with the requirements of NFPA 72, National Fire Alarm and Signaling Code that was in effect on the actual date of installation.

C. The fire alarm system shall be maintained in accordance with the requirements of NFPA 72, National Fire Alarm and Signaling Code (current as of the Lease Award Date).

D. The fire alarm system shall transmit all fire alarm signals to the local fire department via any of the following means: directly to the local fire department, to the (911) public communications center, to a central station, to a remote supervising station, or to a proprietary supervising station.

E. If the Building's fire alarm control unit is over 25 years old as of the Lease Award Date, Lessor shall install a new fire alarm system in accordance with the requirements of NFPA 72, National Fire Alarm and Signaling Code (current as of the Lease Award Date), prior to Government acceptance and occupancy of the Space.

3.05 ENERGY INDEPENDENCE AND SECURITY ACT (DEC 2011)

A. The Energy Independence and Security Act (EISA) establishes the following requirements for Government Leases in Buildings that have not earned the ENERGY STAR® Label conferred by the Environmental Protection Agency (EPA) within one year prior to the due date for final proposal revisions ("most recent year").

B. If this Lease was awarded under any of EISA's Section 435 statutory exceptions, the Lessor shall either:

1. Earn the ENERGY STAR® Label prior to acceptance of the Space (or not later than one year after the Lease Award Date of a succeeding or superseding Lease); or
2. Complete energy efficiency and conservation improvements if any, agreed to by Lessor in lieu of earning the ENERGY STAR® Label prior to acceptance of the Space (or not later than one year after the Lease Award Date of a succeeding or superseding Lease).

C. If this Lease was awarded to a Building to be built or to a Building predominantly vacant as of the due date for final proposal revisions and was unable to earn the ENERGY STAR® label for the most recent year (as defined above) due to insufficient occupancy, but was able to demonstrate sufficient evidence of capability to earn the ENERGY STAR® label, then Lessor must earn the ENERGY STAR® label within 18 months after occupancy by the Government.

3.06 ACCESSIBILITY (FEB 2007)

The Building, leased Space, and areas serving the leased Space shall be accessible to persons with disabilities in accordance with the Architectural Barriers Act Accessibility Standard (ABAAS), Appendices C and D to 36 CFR Part 1191 (ABA Chapters 1 and 2, and Chapters 3 through 10). To the extent the standard referenced in the preceding sentence conflicts with local accessibility requirements, the more stringent shall apply.

3.07 MECHANICAL, ELECTRICAL, PLUMBING: GENERAL (APR 2011)

The Lessor shall provide and operate all Building equipment and systems in accordance with applicable technical publications, manuals, and standard procedures. Mains, lines, and meters for utilities shall be provided by the Lessor. Exposed ducts, piping, and conduits are not permitted in office Space.

3.08 RESTROOMS (ON-AIRPORT) (JUN 2012)

Government employees shall have access to all public restroom facilities for men and women in the Airport terminal at all times without additional payment.

3.09 HEATING, VENTILATION, AND AIR CONDITIONING (ON-AIRPORT) (APR 2011)

A. Temperatures shall conform to local commercial equivalent temperature levels and operating practices to maximize tenant satisfaction. These temperatures shall be maintained throughout the leased Premises and service areas, regardless of outside temperatures, during the hours of operation specified in this Lease. The Lessor shall perform any necessary systems start-up required to meet the commercially equivalent temperature levels prior to the first hour of each day's operation. At all times, humidity shall be maintained below 60 percent relative humidity.

B. The Lessor shall conduct HVAC system balancing after all HVAC system alterations during the term of the Lease and shall make a reasonable attempt to schedule major construction outside of office hours.

C. Normal HVAC systems maintenance shall not disrupt tenant operations.

3.10 TELECOMMUNICATIONS: LOCAL EXCHANGE ACCESS (ON-AIRPORT) (SEP 2013)

A. The Government may elect to contract its own telecommunications (voice, data, video, Internet, or other emerging technologies) service in the Space. The Government may contract with one or more parties to have inside wiring (or other transmission medium) and telecommunications equipment installed.

B. The Lessor shall allow the Government's designated telecommunications providers access to utilize existing Building wiring to connect its services to the Government's Space. If the existing Building wiring is insufficient to handle the transmission requirements of the Government's designated telecommunications providers, the Lessor shall provide access from the point of entry into the Building to the Government's floor Space, subject to any inherent limitations in the pathway involved.

C. The Lessor shall allow the Government's designated telecommunications providers to affix telecommunications antennas (high frequency, mobile, microwave, satellite, or other emerging technologies), subject to weight and wind load conditions, to roof, parapet, or Building envelope as required.

SECTION 4 UTILITIES, SERVICES, AND OBLIGATIONS DURING THE LEASE TERM

4.01 SERVICES, UTILITIES, AND MAINTENANCE (ON-AIRPORT) (OCT 2013)

The Lessor is responsible for providing all utilities necessary for base building and tenant operations and all associated costs are included as a part of the established rental rates. The following services, utilities, and maintenance shall be provided by the Lessor as part of the rental consideration (check all that apply):

<input checked="" type="checkbox"/> HEAT	<input checked="" type="checkbox"/> TRASH REMOVAL	<input checked="" type="checkbox"/> ELEVATOR SERVICE	<input checked="" type="checkbox"/> INITIAL & REPLACEMENT LAMPS, TUBES & BALLASTS	<input type="checkbox"/> OTHER (Specify below) _____
<input checked="" type="checkbox"/> ELECTRICITY	<input checked="" type="checkbox"/> CHILLED DRINKING WATER	<input checked="" type="checkbox"/> WINDOW WASHING	<input checked="" type="checkbox"/> PAINTING FREQUENCY	
<input checked="" type="checkbox"/> POWER (Special Equip.)	<input checked="" type="checkbox"/> AIR CONDITIONING	Frequency 2X a year	every 5 years	
<input checked="" type="checkbox"/> WATER (Hot & Cold)	<input checked="" type="checkbox"/> RESTROOM SUPPLIES	<input checked="" type="checkbox"/> CARPET CLEANING		
<input checked="" type="checkbox"/> SNOW REMOVAL	<input checked="" type="checkbox"/> JANITORIAL SERV. & SUPP.	Frequency: Yearly		

The Lessor shall have an onsite building superintendent or a locally designated representative available to promptly respond to deficiencies, and immediately address all emergency situations.

4.02 PROVISION OF SERVICES, ACCESS, AND NORMAL HOURS FOR AIRPORT OCCUPANCIES (SEP 2013)

The Government shall have access to the Premises and its Appurtenant Areas at all times without additional payment, including the use, during other than normal hours, of necessary services and utilities such as elevators, restrooms, lights, and electric power. Cleaning shall be performed after tenant working hours unless daytime cleaning is specified as a special requirement elsewhere in this Lease. Janitorial Services shall not be required on weekends or Federal holidays. Services, maintenance, and utilities shall be provided from **3 AM to 7 PM**,

4.03 MAINTENANCE AND TESTING OF SYSTEMS (SEP 2013)

A. The Lessor is responsible for the total maintenance and repair of the leased Premises. Such maintenance and repairs include the site and private access roads. All equipment and systems shall be maintained to provide reliable, energy efficient service without unusual interruption, disturbing noises, exposure to fire or safety hazards, uncomfortable drafts, excessive air velocities, or unusual emissions of dirt. The Lessor's maintenance responsibility includes initial supply and replacement of all supplies, materials, and equipment necessary for such maintenance. Maintenance, testing, and inspection of appropriate equipment and systems shall be done in accordance with current applicable codes, and inspection certificates shall be displayed as appropriate. Copies of all records in this regard shall be forwarded to the Government's designated representative.

B. At the Lessor's expense, the Government reserves the right to require documentation of proper operations, inspection, testing, and maintenance of fire protection systems, such as, but not limited to, fire alarm, fire sprinkler, standpipes, fire pump, emergency lighting, illuminated exit signs, emergency generator, prior to occupancy to ensure proper operation. These tests shall be witnessed by the Government's designated representative.

4.04 RECYCLING (ON-AIRPORT) (JUN 2012)

Where state or local law, code, or ordinance requires recycling programs (including mercury-containing lamps) for the Space to be provided pursuant to this Lease, the Lessor shall comply with such state and local law, code, or ordinance in accordance with GSA Form 3517, General Clauses, 552.270-8, *Compliance with Applicable Law*. During the lease term, the Lessor agrees, upon request, to provide the Government with additional information concerning recycling programs maintained in the Building and in the Leased Space.

4.05 RANDOLPH-SHEPPARD COMPLIANCE (SEP 2013)

During the term of the Lease, the Lessor may not establish vending facilities within the leased Space that will compete with any Randolph-Sheppard vending facilities.

4.06 SAFEGUARDING AND DISSEMINATION OF SENSITIVE BUT UNCLASSIFIED (SBU) BUILDING INFORMATION (OCT 2017)

This paragraph applies to all recipients of SBU Building information, including, bidders, awardees, contractors, subcontractors, Lessors, suppliers, and manufacturers.

A. **MARKING SBU.** Contractor-generated documents that contain Building information must be reviewed by GSA to identify any SBU content, before the original or any copies are disseminated to any other parties. If SBU content is identified, the LCO may direct the contractor, as specified elsewhere in this contract, to imprint or affix SBU document markings to the original documents and all copies, before any dissemination.

B. **AUTHORIZED RECIPIENTS.** Building information considered SBU must be protected with access strictly controlled and limited to those individuals having a need to know such information. Those with a need to know may include Federal, state, and local government entities, and nongovernment entities engaged in the conduct of business on behalf of or with GSA. Nongovernment entities may include architects, engineers, consultants, contractors, subcontractors, suppliers, and others submitting an offer or bid to GSA or performing work under a GSA contract or

subcontract. Contractors must provide SBU Building information when needed for the performance of official Federal, state, and local government functions, such as for code compliance reviews and for the issuance of Building permits. Public safety entities such as fire and utility departments may require access to SBU Building information on a need to know basis. This paragraph must not prevent or encumber the dissemination of SBU Building information to public safety entities.

C. DISSEMINATION OF SBU BUILDING INFORMATION:

1. BY ELECTRONIC TRANSMISSION. Electronic transmission of SBU information outside of the GSA firewall and network must use session (or alternatively file encryption). Sessions (or files) must be encrypted with an approved NIST algorithm, such as Advanced Encryption Standard (AES) or Triple Data Encryption Standard (3DES), in accordance with Federal Information Processing Standards Publication (FIPS PUB) 140-2, Security Requirements for Cryptographic Modules. Encryption tools that meet FIPS 140-2 are referenced on the NIST web page found at the following URL: <http://csrc.nist.gov/groups/STM/cmvp/documents/140-1/1401vend.htm>. All encryption products used to satisfy the FIPS 140-2 requirement should have a validation certificate that can be verified at the <http://csrc.nist.gov/groups/STM/cmvp/validation.html#02>. (Not all vendors of security products that claim conformance with FIPS 140-2 have validation certificates.) Contractors must provide SBU Building information only to authorized representatives of state, Federal, and local government entities and firms currently registered as "active" in the SAM database at <https://www.acquisition.gov> that have a need to know such information. If a subcontractor is not registered in SAM and has a need to possess SBU Building information, the subcontractor shall provide to the contractor its DUNS number or its tax ID number and a copy of its business license.

2. BY NON-ELECTRONIC FORM OR ON PORTABLE ELECTRONIC DATA STORAGE DEVICES. Portable electronic data storage devices include but are not limited to CDs, DVDs, and USB drives. Non-electronic forms of SBU Building information include paper documents.

a. By mail. Utilize only methods of shipping that provide services for monitoring receipt such as track and confirm, proof of delivery, signature confirmation, or return receipt.

b. In person. Contractors must provide SBU Building information only to authorized representatives of state, Federal, and local government entities and firms currently registered as "active" in the SAM database that have a need to know such information.

3. RECORD KEEPING. Contractors must maintain a list of the state, Federal, and local government entities and the firms to which SBU is disseminated under sections C1 and C2 of this paragraph. This list must include at a minimum

- a. The name of the state, Federal, or local government entity or firm to which SBU has been disseminated;
- b. The name of the individual at the entity or firm who is responsible for protecting the SBU Building information, with access strictly controlled and limited to those individuals having a need to know such information;
- c. Contact information for the named individual; and
- d. A description of the SBU Building information provided.

Once work is completed, or for leased Space with the submission of the as built drawings, the contractor must collect all lists maintained in accordance with this paragraph, including those maintained by any subcontractors and suppliers, and submit them to the LCO.

D. RETAINING SBU DOCUMENTS. SBU Building information (both electronic and paper formats) must be protected, with access strictly controlled and limited to those individuals having a need to know such information.

E. DESTROYING SBU BUILDING INFORMATION. SBU Building information must be destroyed such that the marked information is rendered unreadable and incapable of being restored, or returned to the LCO, when no longer needed, in accordance with guidelines provided for media sanitization available at <http://csrc.nist.gov/publications/PubsTC.html#Forensics>. At the Web site, locate SP 800-88, Guidelines for Media Sanitization, available at [HTTP://CSRC.NIST.GOV/PUBLICATIONS/NISTPUBS/800-88/NISTSP800-88_REV1.PDF](http://CSRC.NIST.GOV/PUBLICATIONS/NISTPUBS/800-88/NISTSP800-88_REV1.PDF) and click on the file name NISTSP800-88_REV1.pdf. From there, you can choose to "Save" or "Download" the file. If SBU Building information is not returned to the LCO, examples of acceptable destruction methods for SBU Building information are burning or shredding hardcopy; physically destroying portable electronic storage devices such as CDs, DVDs, and USB drives; deleting and removing files from electronic recycling bins; and removing material from computer hard drives using a permanent-erase utility such as bit-wiping software or disk crushers.

F. NOTICE OF DISPOSAL. The contractor must notify the LCO that all SBU Building information has been destroyed, or returned to the LCO, by the contractor and its subcontractors or suppliers in accordance with section (e) of this paragraph, with the exception of the contractor's record copy. This notice must be submitted to the LCO at the completion of the contract in order to receive final payment. For Leases, this notice must be submitted to the LCO at the completion of the Lease term.

G. INCIDENTS. All improper disclosures of SBU Building information must be reported immediately to the LCO and the GSA Incident Response Team Center at gsa-ir@gsa.gov. If the contract provides for progress payments, the LCO may withhold approval of progress payments until the contractor provides a corrective action plan explaining how the contractor will prevent future improper disclosures of SBU Building information. Progress payments may also be withheld for failure to comply with any provision in this paragraph until the contractor provides a corrective action plan explaining how the contractor will rectify any noncompliance and comply with the paragraph in the future.

H. SUBCONTRACTS. The Contractor must insert the substance of this paragraph in all subcontracts.

4.07 INDOOR AIR QUALITY (OCT 2016)

A. The Lessor shall control airborne contaminants at the source and/or operate the Space in such a manner that the GSA indicator levels for asbestos, mold, carbon monoxide (CO), carbon dioxide (CO₂), and formaldehyde are not exceeded. The indicator levels for office areas shall be: Asbestos 70 s/mm²; mold (see paragraph entitled "Mold"); CO 9 ppm; CO₂ 700 ppm above outdoor air; formaldehyde 0.016 ppm.

B. The Lessor shall use available odor-free or low odor products when applying paints, glues, lubricants, and similar wet products. When such equivalent products are not available, lessor shall use the alternate products outside normal working hours. Except in an emergency, the Lessor shall provide at least 72 hours advance notice to the Government before applying chemicals or products with noticeable odors in occupied Spaces and shall adequately ventilate those Spaces during and after application.

C. The Lessor shall serve as first responder to any occupant complaints about indoor air quality (IAQ). The Lessor shall promptly investigate such complaints and implement the necessary controls to address each complaint. Investigations shall include testing as needed, to ascertain the source and severity of the complaint.

D. The Government reserves the right to conduct independent IAQ assessments and detailed studies in Space that it occupies, as well as in space serving the Space (e.g., common use areas, mechanical rooms, HVAC systems, etc.). The Lessor shall assist the Government in its assessments and detailed studies by:

1. Making available information on Building operations and Lessor activities;
2. Providing access to Space for assessment and testing, if required; and
3. Implementing corrective measures required by the LCO.

E. The Lessor shall provide to the Government safety data sheets (SDS) upon request for the following products prior to their use during the term of the Lease: adhesives, caulking, sealants, insulating materials, fireproofing or firestopping materials, paints, carpets, floor and wall patching or leveling materials, lubricants, clear finish for wood surfaces, janitorial cleaning products, pesticides, rodenticides, and herbicides. The Government reserves the right to review such products used by the Lessor within:

1. The Space;
2. Common Building areas;
3. Ventilation systems and zones serving the Space; and
4. The area above suspended ceilings and engineering space in the same ventilation zone as the Space.

F. Where hazardous gasses or chemicals (any products with data in the Health and Safety section of the SDS sheets) may be present or used, including large-scale copying and printing rooms, segregate areas with deck-to-deck partitions with separate outside exhausting at a rate of at least 0.5 cubic feet per minute per SF, no air recirculation. The mechanical system must operate at a negative pressure compared with the surrounding spaces of at least an average of 5 Pa (pascal) (0.02 inches of water gauge) and with a minimum of 1 Pa (0.004 inches of water gauge) when the doors to the rooms are closed.

4.08 HAZARDOUS MATERIALS (ON-AIRPORT) (OCT 2016)

The leased Space shall be free of hazardous materials, hazardous substances, and hazardous wastes, as defined by and according to applicable Federal, state, and local environmental regulations including, but not limited to, the following:

A. The leased Space shall be free of all asbestos containing materials, except undamaged asbestos flooring in the Space or undamaged boiler or pipe insulation outside the Space, in which case an asbestos management program conforming to EPA guidance shall be implemented.

B. The Lessor shall provide Space to the Government that is free from ongoing water leaks or moisture infiltration. The Space and ventilation zones serving the Space shall also be free of visible mold or actionable airborne mold.

1. Actionable mold is airborne mold of types and concentrations in excess of that found in the local outdoor air or non-problematic control areas elsewhere in the same building.

2. The Lessor shall be responsible for conducting the remediation in accordance with the relevant provisions of the document entitled "Mold Remediation in Schools and Commercial Buildings" (EPA 402-K-01-001, March 2001), published by EPA, as same may be amended or revised from time to time, and any other applicable Federal, state, or local laws, regulatory standards, and guidelines.

3. The Lessor acknowledges and agrees that the Government shall have a reasonable opportunity to inspect the leased Space after conclusion of the remediation. If the results of the Government's inspection indicate that the remediation does not comply with the plan or any other applicable Federal, state, or local laws, regulatory standards, or guidelines, the Lessor, at its sole cost, expense, and risk, shall immediately take all further actions necessary to bring the remediation into compliance.

4. If the Lessor fails to exercise due diligence, or is otherwise unable to remediate the actionable mold, the Government may implement a corrective action program and deduct its costs from the rent.

4.09 OCCUPANT EMERGENCY PLANS (SEP 2013)

The Lessor is required to cooperate, participate and comply with the development and implementation of the Government's Occupant Emergency Plan (OEP) and if necessary, a supplemental Shelter-in Place (SIP) Plan. Periodically, the Government may request that the Lessor assist in reviewing and revising its OEP and SIP. The Plan, among other things, must include an annual emergency evacuation drill, emergency notification procedures for the Lessor's Building engineer or manager, Building security, local emergency personnel, and Government agency personnel.

SECTION 5 ADDITIONAL TERMS AND CONDITIONS



Duluth Airport Authority
Kernz & Kompany
Duluth Air & Aviation Expo
Air Show and Exhibition Agreement

Terms:

- Up to 5 Air Shows in 5 years starting in 2021

Background:

- Kern & Kompany puts on the Duluth Air & Aviation Expo at DLH that has become an annual event in recent years
- DAA property and equipment is used for airfield access, parking, staging, volunteering, vendors & aircraft parking
- DAA staff assists with security, Air Show set up, operations during Air Show and post Air Show clean up

Agreement Overview:

- Airport improvement language was added to protect future construction projects the DAA may need to schedule. DAA will make every effort to work with the Air Show to accommodate Air Show schedule as it always has
- Rate increase provision added to the Post Air Show Fee to be based on annual wage increases per union contract for reimbursement of DAA staff time
- Any marketing between Air Show and Authority will be governed by separate agreement and not part of Air Show agreement

Why were the changes in key terms needed/wanted?

- Current agreement was set to expire after 2020 Air Show
- Longer term agreement was desired to cover more Air Shows
- DAA wanted protection of construction project schedules to prevent any delays in projects or funding that may need to be scheduled during the summer months
- Rate increase provision was added to make sure DAA staff time devoted to Air Show was reimbursed
- To eliminate confusion and operation credits the provision for marketing to be held in a separate agreement was added

**DULUTH AIRPORT AUTHORITY
KERNZ & KOMPANY, INC.
DULUTH AIR & AVIATION EXPO
AIR SHOW AND EXHIBITION AGREEMENT**

This Agreement, entered into this ____ day of _____, 2019, between the DULUTH AIRPORT AUTHORITY, hereinafter referred to as "Authority", and KERNZ & KOMPANY, INC., a Corporation under the laws of the State of Minnesota and DULUTH AIR & AVIATION EXPO, an unincorporated association, jointly and severally, both and each of which are hereinafter referred to as "Kernz."

THE PARTIES acknowledge the following:

Authority is a public body charged with the operation of Duluth International Airport, located in the County of St. Louis, State of Minnesota, and with the promotion of aviation in the area; and Kernz has among its objectives the general promotion of aviation in the area; and Kernz is desirous of promoting major events consisting of Air Shows and Exhibitions at the Duluth International Airport, the initial one which is anticipated to be held in the summer of 2021, although the parties acknowledge that this time may change; each individual event jointly hereinafter referred to as "the Air Show and Exhibition"; and

Authority is desirous of cooperating with Kernz under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

**SECTION 1
DEFINITIONS**

The following terms, as used in this Agreement, shall have the meanings as ascribed to them hereunder.

- A. Airport: shall mean Duluth International Airport located in the City of Duluth, County of St. Louis, State of Minnesota as identified in Exhibit A.
- B. Air Show: shall mean a public entertainment event involving the exhibiting of flying skills by various persons and entities under the control of Kernz occurring on the Airport and in the air space over and adjacent to the Airport.
- C. Common Facilities: shall refer to those public portions of the Airport not under lease to any specific tenant or subtenant to which members of the general public have access.
- D. Consent or Approval of Authority and of Executive Director: where this Agreement calls for the consent or approval of the Authority, the same

shall be in the form of a resolution approved by the Authority as provided by law; where the consent or approval of the Executive Director is required, the same shall be evidenced by a written document dated and signed by the Executive Director or his designee.

- E. Exhibition: shall mean the static display of aircraft and of equipment and paraphernalia related to aviation, together with support facilities therefor, such as concessions, sanitary facilities and emergency medical facilities.
- F. Licensed Premises: shall refer to those airside and landside premises licensed to the use of Kernz for Exhibition and Air Show purposes as shown on Exhibit B hereto.
- G. Leasehold Improvements: shall refer collectively to all items located on and within the Licensed Premises provided or purchased by Kernz including but not limited to any structures together with any decorations, partitions, wiring, lighting and plumbing fixtures, piping, finished ceilings, ventilation ductwork, grills, floors and wall coverings, heaters, cabinets, lockers, sinks, counters, chairs, other furniture and signs.

SECTION 2 PREMISES

A. Licensed Premises

Authority does hereby grant to Kernz a non-exclusive license to use the Licensed Premises as shown on Exhibit B as may be amended from time to time by the Executive Director, attached hereto and made a part hereof solely for the purpose of conducting the Air Show and Exhibition under the terms and conditions of this Agreement. At all times the Licensed Premises are subject to the oversight and control of the Authority. In the event that the Executive Director amends the Licensed Premises, the Authority will advise Kernz in writing a minimum one hundred twenty (120) days prior to the commencement of the Air Show and Exhibition and provide an amended Exhibit B which shall be substituted as part of the Agreement not requiring an amendment.

B. Early Access

In the event that Kernz desires to have early access to the Licensed Premises, it may submit a written request to the Executive Director to approve such early access outlining the specific area to be included, the desired timeline, and the rationale for the request. The granting of such early access shall be in writing at the sole discretion of the Executive Director and upon such terms and conditions as the Director shall prescribe. Any right of early access so granted shall be limited by the specific request and will not apply to any subsequent event, if any.

C. Common Facilities

In addition to the foregoing, Authority does hereby grant to Kernz and to its members and customers non-exclusive access to the Common Facilities.

D. Limited Rights Granted

The rights granted hereunder to Kernz shall be limited to the use of the Licensed Premises only and shall not extend to any other part of the Airport without the

prior written approval of the Executive Director. Subject to Paragraph E below, during the dates referred to in Section 3, Kernz shall have an affirmative obligation to prevent members of the general public from entering the following portions of the Airport: 1) tenant hangars, leased buildings, or leased sites unless so allowed by the tenant and the Authority under a sublease approved in writing by the Authority; and 2) the Airport Operation Area (AOA), except that portion of the Licensed Premises in the AOA.

E. Public Access

No act or omission of Kernz, or their sub-licensees or agents, shall inhibit free public access including access by Airport tenants to the Common Facilities, Main Terminal Building, the existing parking lot adjacent to the Main Terminal Building, or private or DAA leased property which is accessed by roads in and around the Licensed Premises.

F. Authority Access

Kernz shall provide access to the Licensed Premises to the Executive Director and designees, and Airport tenants and employees and contractors as needed to perform typical business activities during the dates of any Air Show and Exhibition covered by this Agreement. No person or activity shall impair Authority's employees and vehicles easy access to the Snow Removal Equipment building, the electrical vault, or the airfield operations area as shown on Exhibit B.

G. Improvements

Air Show shall not in any way impact improvements Authority has scheduled on taxiways and runways. Authority has right to schedule improvements to taxiways and runways as needed and will provide Air Show with as much advanced notice as possible. Every effort will be made to work with the Air Show to accommodate Air Show schedule.

SECTION 3 PERMITTED DATES AND HOURS

This Agreement shall remain in effect for a maximum of five (5) Exhibition and Air Shows commencing January 1, 2021 and shall terminate no later than December 31, 2025 or until the fifth Exhibition and Air Show is completed, whichever is earlier. The dates and hours of the Exhibition and Air Shows shall be requested in writing by Kernz and approved in advance in writing by the Executive Director at least ten (10) months prior to the event. In addition, the Executive Director shall have the sole discretion to temporarily interrupt the Air Show at any time in order to accommodate the operations of commercial air service at the Airport, and to deal with emergency conditions which might arise during said show.

SECTION 4 KERNZ RESPONSIBILITY FOR SHOW AND EXHIBIT

It is understood between the parties hereto that, subject to the specific provisions of this

Agreement, the operation and staging of the Air Show and Exhibition, together with all related activities, is the sole obligation of Kernz and not that of Authority, and that any undertaking not specifically assumed by Authority pursuant to this Agreement shall be solely that of Kernz; provided, however, nothing in this Agreement shall be deemed to be for the benefit of any third party, or to impose any obligation upon Authority or Kernz of any kind whatsoever with regard to any third party.

Kernz shall be permitted to sublease or rent out a reasonable amount of space on the Licensed Premises and labeled as the Vendor Area on Exhibit B, to lawful and appropriate vendors, concessionaires or other business ventures subject to mutual agreement of both Authority and Kernz. Upon request, it shall be the responsibility of Kernz to provide written information to the Executive Director verifying that each vendor, concessionaire, or business sub-lessee possesses a valid City of Duluth and State of Minnesota Sales Tax Permit before allowing for the set up or subsequent sales activities of any such sub-lessees. Kernz shall provide evidence to the Executive Director that all vendors, concessionaires or business ventures meet all minimum St. Louis County Health Department requirements and all other requirements as may be required by any applicable laws, codes, or ordinances, in force at the Air Show and Exhibition.

SECTION 5 CONSTRUCTION ON LICENSED PREMISES

A. In General

In the exercising of this Agreement and the granting of the rights to Kernz hereunder, Kernz is not authorized to undertake any construction upon the Licensed Premises, unless approved in advance in writing by the Executive Director. In the event that construction is desired by Kernz, Kernz shall submit a written request to the Executive Director identifying in detail the desired construction to be done, whether the construction is temporary or permanent, the timeline for the construction, reversion rights and/or a demolition and restoration program, and the cost and funding source for the construction and/or restoration/demolition. The Executive Director's prior written approval must be obtained before work proceeds. Failure to do so will be grounds for termination of this Agreement. The Executive Director shall have the right and sole discretion, to deny approval or condition approval of the requested construction upon the imposition of restrictions and limitations upon Kernz, persons operating under its license, and any contractors or subcontractors doing work pursuant thereto. The Executive Director's review shall include code compliance, plan approval, insurance and bonding requirements, and progress reports. All expenses involved in any approved construction shall be the sole responsibility of Kernz and not of the Authority including but not limited to any costs related to relocating the threshold on Runway 3 and any fencing adjustments or security necessary for purposes of providing additional parking spaces by south end of approach to Runway 3.

B. Hole Drilling, Excavation Prohibited

Kernz acknowledges that there exists at a number of locations on the Airport,

including upon the Licensed Premises, unmarked underground utilities at locations not known to anyone other than Authority which pose a hazard to persons or equipment drilling holes, placing stakes, or doing other excavation work on the Licensed Premises, contact with which could lead to personal injury or death. Therefore, no excavation of any kind, including, but not limited to, hole drilling or stake placing shall be permitted on the Licensed Premises by Kernz or any officer, agent, contractor, or employee of Kernz without the prior written approval of the Executive Director. Prior to any penetrations, Kernz is responsible, at its sole expense, of locating all such utilities and the marking of the location and size of said excavation or hole on the surface of the ground must be visually identified to confirm that it does not conflict with any identified utility location prior to penetrating the surface.

SECTION 6 FORTY-FIVE DAY SUBMITTALS

Not later than forty-five (45) days prior to the Air Show and Exhibition, Kernz shall have submitted, or cause to be submitted, to the Executive Director the materials described in this Section in a form acceptable to the Executive Director, which materials shall be subject to the Executive Director's written approval. In the event that the Executive Director shall determine, at the Executive Director's sole discretion, that the materials submitted are inadequate in form or content to evidence the compliance with the requirements of this Section, the Executive Director shall promptly notify Kernz in writing of the same. Kernz shall thereafter have five (5) days to submit materials in compliance with these requirements. In the event that the Kernz fails to respond to said notice, or responds with materials which continue to be non-compliant, the Executive Director shall notify Kernz of said noncompliance and thereafter may, at Executive Director's sole option, may execute the Authority's rights under the provisions of Section 12 of this Agreement. The foregoing approval procedure shall be likewise applicable to any subsequent events operated under this Agreement. Likewise, in the event of any change to any of the information contained in said submittals after their approval but prior to the Air Show and Exhibition, such modifications shall likewise be submitted to the Executive Director for his approval under this same process.

A. Physical Operating Plan

Kernz shall submit a complete written operating plan for each Air Show and Exhibition performed under this Agreement setting forth the character, nature, and location of all physical facilities and personnel related to the presentation of the Air Show and Exhibition. This shall include but not be limited to the following: a parking plan; a busing plan; an entry and exit plan; a ticket sale plan including ticket price and ticket collection location plan; a sanitary facilities location plan; a medical aid station location plan; a trash receptacle location plan; an Exhibition area plan; a concession areas plan; and a security and evacuation plan. Following the initial Air Show and Exhibition, the Authority reserves the right to restrict parking on the airfield for any subsequent Air Show and Exhibition operated under this Agreement.

- B. List of Events
Kernz shall submit a tentative list of the Air Show event, and provide new updated changes as they occur prior to the Air Show. Kernz shall submit a final list of events which are to be part of the Air Show a minimum of twenty (20) days prior to the Air Show. Said list shall include the name of each performing entity, the nature and character of their performance, the duration of each performance, and a schedule indicating the beginning and ending of each such performance. However, the events and acts may be subject to change and notice may not be given of last minute changes.
- C. FAA Approvals
Kernz shall provide written evidence satisfactory to the Executive Director that all approvals needed for the Air Show and Exhibition from the Federal Aviation Administration of the United States, which will be required for said Air Show and Exhibition, have been received.
- D. Insurance
Kernz shall have presented evidence satisfactory to the Executive Director that the insurance required pursuant to Section 11 below has been secured and is in force.
- E. Peace Officers
Kernz shall present written proof that it has secured commitments for the services of at least two (2) peace officers licensed as such by the State of Minnesota and an additional number of trained private security personnel deemed sufficient by the Executive Director to assist Kernz in providing security, crowd control, and traffic control for all hours when the Air Show or Exhibition or both are open to the public.
- F. Medical Facilities
Kernz shall submit a plan for the provision of medical services on the Licensed Premises at all hours when the Air Show or Exhibition are open to the public. Such plans shall set forth the physical facilities to be used and shall also include provision for at least one emergency medical technician to be on duty at all such hours and shall further provide that at least two emergency medical technicians and one ambulance licensed by the State of Minnesota shall be present on the Licensed Premises from at least one hour prior to the Air Show until at least one hour after the Air Show.
- G. Kernz Personnel
Kernz shall present written evidence that the number of personnel or outside volunteers, or a combination thereof, will be sufficient to provide all manpower deemed by the Executive Director to be necessary to provide services reasonably necessary to ensure the safety of the general public and of the Airport and to ensure an organized experience for all members of the general public coming to view the Air Show and Exhibition. Kernz shall further present evidence that such personnel have been trained in all skills reasonably necessary to the provision of service in the particular area in which they will be working.

H. Responsible Party Designation

Kernz agrees that it will designate one person to be responsible for the provision of services in each of the particular areas specified below; said person shall be deemed to be the Kernz contact person within those areas of responsibility on the dates of the Air Show and Exhibition, and such person shall be present at all times when the Air Show and Exhibition are open to the public, except in the event of circumstances beyond the control of that person, in which case Kernz shall immediately designate in writing to the Executive Director a replacement responsible person in those areas of responsibility.

1. Security and crowd control
2. Vehicle traffic control
3. Non-exhibition hours security
4. Revenue control
5. Air Show control officer
6. Parking/transportation
7. Clean-up and logistics

I. Sanitation Facilities

Kernz shall present written proof that it has contracted for a sufficient number of satellite toilet facilities to meet the requirements of the St. Louis County Health Department, together with proof of arrangements for their erection and removal from the Licensed Premises; provided, however, that the parties hereby agree that the number of said satellite facilities shall not be less than forty (40) and shall comply with the St. Louis County Health Department requirements.

SECTION 7
TWENTY DAYS BEFORE AIR SHOW

On or immediately before twenty (20) calendar days before the Air Show, Kernz shall secure and transmit a written report reflecting a current estimate of projected attendance at the Air Show and Exhibition, and all supporting documentation for said estimate. Based on said information, the Executive Director, at his sole discretion, may require the provision of amended physical operating plans, amended insurance and amended provision of police officers, medical facilities, personnel and sanitary facilities for the Air Show and Exhibition as set forth in Sections 6 above, which personnel or facilities or both, Kernz agrees to provide for the days of the Air Show and Exhibition. Additionally, on or before twenty (20) calendar days before the Air Show, Kernz shall submit to the Executive Director the sworn affidavits regarding sublicensed activities as required in Section 13 B below.

SECTION 8
AIR SHOW AND EXHIBIT DAYS

A. Control by Executive Director

Regardless of any other provision of this Agreement, it is agreed between the parties that the Executive Director shall have the right to demand Operator to

alter the Air Show And Exhibition if any aspect of the Air Show, the Exhibition, the Licensed Premises, and crowd and revenue control if the impact prevents the Authority from meeting the needs of scheduled air carriers, military operations, chartered air carriers, or to protect the Airport, the viewing public, the flying public or the public in general. In that event, the Executive Director may require modifications or additions to the requirements of this Agreement and Kernz shall agree to and to comply with said modifications or additions. Powers granted pursuant to this paragraph shall not be unreasonably exercised.

B. Cleanup During Show

During the Air Show and Exhibition and each evening following the Air Show and Exhibition Kernz shall cause to have the Licensed Premises cleaned to include the emptying trash containers, replacing substantially filled satellite toilet facilities with unused ones, and generally picking up loose refuse and trash from the Licensed Premises.

SECTION 9
POST SHOW CLEANUP

A. Immediate Cleanup

Immediately following the conclusion of the Air Show and Exhibition Kernz shall cause all trash and refuse containers on the Licensed Premises placed there for the Air Show and Exhibition to be removed, all loose trash and refuse on the Licensed Premises to be picked up and removed therefrom, and all satellite portable toilet facilities to be marshaled for pickup at a location approved by the Executive Director. Furthermore, Kernz shall cause all other materials, structures, facilities, and any other things of any kind whatsoever placed on the Licensed Premises to be removed therefrom within two (2) calendar days following the event, unless the improvement was authorized and the Executive Director requires that it remain pursuant to Section 4 above, or unless an extension of time is granted by the Executive Director in writing, and the Licensed Premises returned to the same condition that they were in prior to the Air Show and Exhibition.

B. Removal of Portable Toilet Facilities

Within one (1) calendar day following each Air Show and Exhibition, Kernz shall have caused all satellite portable toilet facilities to have been removed from the Licensed Premises, unless an extension of time is granted by the Executive Director in writing.

C. Weather Related Extensions

Requests for extension of the timeframes set forth in Paragraphs A and B above due to weather conditions shall be favorably considered by the Executive Director due to potential safety concerns.

D. Failure to Perform Post-show Cleanup

In the event that Kernz shall fail to perform post-show cleanup required by this Section within two (2) calendar days following completion of the Air Show and Exhibition pursuant to Paragraph A above, or within one (1) calendar day

following the completion of the Air Show and Exhibition pursuant to Paragraph B above, the Executive Director may promptly employ persons or contractors to perform said work and Kernz hereby agrees to promptly reimburse Authority for all costs so incurred plus an administrative fee of fifteen percent (15%). To assure compliance with the provision, Kernz shall furnish to Authority a performance security bond or substitute approved by the Executive Director in the amount of five thousand dollars (\$5,000.00) at least thirty days prior to the event date. Once all of the obligations of Contractor contained in this Agreement are satisfactorily completed at the discretion of the Executive Director, the performance security bond will be returned.

SECTION 10 PAYMENTS TO AUTHORITY

Kernz hereby agrees to pay Authority for the rights and privileges granted hereunder as follows:

- A. Pre-Airshow Fee
Kernz shall pay a fee in the amount of Five Thousand Dollars (\$5,000) to Authority no later than thirty (30) calendar days prior to the Air Show and Exhibition.
- B. Post-Airshow Fee
Kernz shall pay an additional fee in the amount of Twenty-Eight Thousand Dollars (\$29,120) to Authority, per Air Show and Exhibition, upon execution of each Air Show and Exhibition. Post-Airshow Fee shall be adjusted annually by the increase in Authority union employee wages according to the current Local 66 A.F.S.C.M.E. Minnesota Council 5 Union Contract for said year of Air Show and Exhibition.
- C. Airfield Vehicle Parking Fee
For each Air Show and Exhibitions completed under this Agreement, Kernz shall pay to the Authority a flat fee of One thousand six hundred dollars (\$1,600.00) for the use of the parking area on the airfield near runway 321 for public parking of vehicles as identified as part of the Licensed Premises on Exhibit B. Payment will be made to the Authority within thirty (30) calendar days following the completion of the event. If airfield parking area not used by Air Show, no fee will be charged by Authority.
- D. Fee for Failure to Maintain
In the event that Kernz fails to keep the Licensed Premises in a neat, clean, orderly, and sanitary condition and the Executive Director has issued a written notice of such deficiency and provided a reasonable cure period as determined solely by the Executive Director, Authority may itself clean or cause to be cleaned those portions of the Licensed Premises not so kept, and Kernz agrees to reimburse Authority for the direct and indirect costs incurred by Authority for the performance of said work plus a fifteen percent (15%) administrative fee, due and payable upon receipt.

E. Fee for Repair and Replacement

Kernz shall promptly repair or replace any property of the Authority lost, destroyed, or damaged by its operations hereunder. If Kernz fails to promptly repair or replace such property following written notice by the Executive Director of such deficiency and a reasonable cure period as determined solely by the Executive Director, Authority may repair or replace it and Kernz agrees to reimburse for the direct and indirect costs incurred by Authority for such repair or replacement plus a fifteen percent (15%) administrative fee, due and payable upon receipt.

F. Fee for Unpaid Licenses, Fees, Taxes, and Assessments

Kernz hereby agrees to pay all licenses, fees, taxes, and assessments of any kind whatsoever which arise because of, or in the course of, any operations covered by this Agreement during the term hereof. Should Kernz fail to pay such amounts following written notice of such deficiency and a reasonable cure period as determined solely by the Executive Director, it is expressly agreed that Authority may pay the same on behalf of Kernz, and Kernz agrees to reimburse Authority for said amounts paid plus a fifteen percent (15%) administrative fee due and payable upon receipt.

G. Late Fee

Any sums not paid to Authority when due shall bear interest at the rate of the lesser of eighteen percent (18%) per annum or the maximum rate allowable by law from the date due until paid.

H. Payment Obligations Unconditional

The obligations of Kernz to pay any amounts due to Authority under this Agreement in accordance with the terms hereof shall be absolute and unconditional, irrespective of any defense or rights of set off, recoupment or counterclaim which may at any time be available against Authority. Such payments shall be due without notice or demand therefor except as specifically provided for herein.

I. Marketing Agreement

Any marketing for the Air Show in conjunction with the Authority shall be governed by separate agreement.

SECTION 11

DEFENSE, INDEMNITY, INSURANCE, WARRANTIES AND GUARANTY

A. Defense and Indemnity

Kernz hereby agrees to defend, indemnify and hold harmless the Authority and the City of Duluth 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 Authority or of Kernz, for any damages, including those existing by reason of the death of or injury to persons or the loss or damage to property or any other claim or cause of action arising out of Kernz's use of or occupancy of or operations at the Airport, and on ten (10) days' written notice from Authority, Kernz will appear and defend

all lawsuits against Authority of the City or any of the aforesaid parties arising out of such injuries or damages. This provision applies to response costs for environmental damages, or threatened damage, caused in any part by Kernz's use or occupancy of the Licensed Premises.

B. Insurance

To effectuate the purposes and provide the Authority with protections described hereinabove, Kernz, Inc. agrees that it will at its own expense keep in force and effect during the term of this Agreement insurance policies of the type and in the amounts listed below or its reasonable equivalent as approved by the Authority's attorney. All liability policies shall name the Authority and the City of Duluth as additional insureds thereunder and shall contain a provision that thirty (30) days' advance notice in writing shall be given to the Authority prior to termination, cancellation or modification of such insurance and failure to give such notice shall render any such changes in such policy or coverage ineffective against the City and the Authority. Certified copies of the policies or a certificate or certificates evidencing the existence thereof or binders shall be delivered to Authority as provided for in Paragraph D of Section 6 above. In the event any binder is delivered it shall be replaced within fifteen (15) days by a certified copy of the policy, or certificate. To the extent that the "Accord" form of certificate is used, the words endeavor to shall be stricken from the notification provisions. The use of an "Accord" form as a certificate of insurance shall be accompanied by two forms – 1) ISO Additional Insured Endorsement (CG-2010 pre-2004) and 2) Notice of Cancellation Endorsement (IL 7002) – or equivalent, as approved by the Authority's Attorney.

1. Commercial General Liability Insurance, including Contractual, Premises and Operations and Products Liability coverage in the amount of \$5,000,000 per occurrence for personal injury and \$5,000,000 per occurrence for damage to property. Completed Operations in the amount of \$1,500,000 per occurrence.
 2. Owned, non-owned and hired vehicles in limits of not less than \$2,000,000 combined single limit or \$2,000,000 bodily injury per occurrence; \$2,000,000 per occurrence.
 3. Hangar Keepers Liability Insurance in limits of at least \$500,000/\$1,500,000 if the Air Show and Exhibition stores aircraft at the Airport.
 4. Additionally, Kernz shall maintain Worker's Compensation Coverage in statutory amounts with "all states" endorsement unless qualified as a self-insurer under Minnesota Law.
 5. If Kernz is providing air taxi service of any kind, Aircraft Liability Insurance in limits of not less than \$1,000,000 and Aircraft Passenger Liability Insurance in limits of not less than \$100,000 for each passenger seat.
- All insurance required in this Agreement shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota.

- C. Kernz's Liability
It is understood that the specified amounts of insurance stated herein shall in no way limit the liability of Kernz under this Section.
- D. Waiver of Claims
Kernz waives all claims and causes of action against Authority, its officers, agents, servants or employees for any failure of Authority to properly maintain, operate and manage the Airport at all times in a safe manner resulting from any reason or cause of any kind whatsoever; provided, however, in the event that the Executive Director shall take over control of any aspect of the Air Show, the Exhibition, the Licensed Premises, crowd control, or revenue control, the provisions of this Paragraph shall not apply to any claims arising out of such assumption of control.
- E. Premises As Is
Kernz hereby agrees and acknowledges that it has examined the Licensed Premises and knows their condition and accepts the same as is without any warranties of any kind whatsoever, expressed or implied, from Authority as to the fitness of the facilities for the purposes of holding the Air Show and Exhibition.
- F. Increased Coverages
The Authority reserves the right to require Kernz to increase the coverages set forth above and to provide evidence of such increased insurance coverage to the extent that the liability limits as provided in Minnesota Statutes Section 466.04 are increased.

SECTION 12 DEFAULT, TERMINATION AND PERSONAL GUARANTIES

- A. Rights Upon Default
In the event of a default by Kernz under the Agreement, the Authority shall give written notice of said default to Kernz unless said default occurs during an Exhibition and Airshow in which event the notice may be verbal notice followed by written notice. If at any time Kernz shall be in default, as defined in this Section, with regard to the requirements of this Agreement, it shall be lawful for the Authority to, and the Authority may at its discretion at any time thereafter:
1. Terminate this Agreement upon written notice in the manner hereinafter provided for and refuse to allow Kernz to have access to the Licensed Premises.
 2. During the period of set up, Exhibition and Airshow, and post show clean up, assert sole control over the Licensed Premises, including but not limited to the Airfield, and require that Kernz immediately leave the Licensed Premises.
 3. Have and exercise any and all other rights and remedies including injunctive relief, ejectment or summary proceedings for a lawful detainer, and any or all legal and equitable remedies, actions and proceedings.
- B. Default Defined
For the purposes of this Section only, Default shall be defined when any of the

following circumstances exist:

1. Kernz fails to abide by any of the terms or conditions of this Agreement.
2. If a petition for reorganization of Kernz or its arrangements of its unsecured debts shall be filed.
3. If Kernz shall be adjudicated bankrupt.
4. If a receiver or trustee of Kernz's property shall be appointed by any court.
5. If Kernz shall make a general assignment for the benefit of creditors.
6. If all of the interests of Kernz and its property shall be taken by garnishment, attachment, execution or other process of law.

C. Authority Assumption of Control

In the event that Kernz shall fail to perform any of its obligations pursuant to Sections 6, 7, 8 and 9 of this Agreement within the periods of time required by those Sections, Authority shall have the option, but not the obligation, of performing or causing to be performed through third parties those obligations of those Sections with respect to which Kernz is in default. In the event that Authority exercises this option, Kernz hereby agrees to reimburse Authority for all direct and indirect costs incurred by Authority in so curing the default of Kernz plus a sum equal to twenty-five percent (25%) of all such costs for Authority's overhead in so curing said default.

D. Remedies Cumulative

All rights and remedies of the Authority pursuant to this Agreement shall be deemed to be cumulative and not exclusive.

E. Nonwaiver

Any waiver of any breach of covenants herein contained to be kept and performed by Kernz shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent Authority from declaring a forfeiture for any succeeding breach either of the same condition or covenant or otherwise.

F. Attorneys' Fees and Costs

In the event that Authority shall prevail in any action or suit or proceeding brought by Authority to collect any sum due or to become due hereunder or any portion thereof or to take possession of the Licensed Premises or to enforce compliance with this Agreement or for the failure to observe any covenant of this Agreement, Kernz hereby agrees to pay Authority its reasonable attorneys' fees and costs in such action, suit or proceeding.

SECTION 13 ASSIGNMENT AND SUBLICENSING

A. Assignment in General

Kernz shall not assign or transfer in whole or in part in any manner this Agreement or sell or transfer any interest herein or permit the foregoing to become transferred by operation of law or otherwise or do or suffer any acts to be done whereby the same may be or becomes assigned in whole or in part unless the written consent of the Authority in its sole discretion is first obtained in each and every case of such assignment or transfer as shall from time to time

occur or be desired, except as set forth in Paragraph B below. It is expressly agreed by the parties that a change in the ownership of a controlling share of stock in Kernz, if any, shall be deemed to be as assignment hereunder. It is further expressly agreed by Kernz that in the event permission is granted by Authority as herein provided, any assignee or sub-licensee shall be required to assume and agree to perform the covenants of this Agreement and notwithstanding any such assignment, Kernz shall be and remain liable for the payment of all sums hereunder and the performance of all covenants and conditions of this Agreement.

B. Sub-licensing

It is expressly agreed between the parties that Kernz shall have the right to sublicense activities related to the Air Show and Exhibition including to but not limited to concessions, exhibitions, solicitations for charitable purposes, and other related activities. Kernz shall ensure that all such agreement shall be in compliance with the terms and conditions of this Agreement, and shall submit to the Executive Director for each such agreement a sworn affidavit to that effect on or before twenty (20) calendar days before the Air Show as set forth in Section 7 above.

SECTION 14 SIGNS AND ADVERTISING

Kernz shall not erect, install or operate, or cause or permit to be erected, installed, or operated any signs on the Licensed Premises without the consent of the Executive Director, and all costs associated with such installation and restoration shall be borne solely by Kernz or its sub-licensees. Kernz shall not use Authority's name, logo, mark in any advertising or sign, nor shall it represent that Authority is involved in producing or sponsoring the event without its written consent.

SECTION 15 OBEY LAWS, RULES AND REGULATIONS

Kernz agrees to observe and comply with all laws, ordinances, rules and regulations of the United States of America, State of Minnesota, City of Duluth and their respective agencies which are applicable to the activities at the Airport and further agrees to observe and comply with all Airport rules and regulations in existence as of the execution of this Agreement and which may, from time to time, be promulgated by the United States of America, State of Minnesota, City of Duluth and Authority governing the conduct on and operations at the Airport and the use of its facilities as administered by the Executive Director. Kernz agrees to contact in writing the immediate bordering governing entities impacted by the Air Show with copies to the Executive Director including but not limited to City of Hermantown, Canosia Township, and City of Rice Lake to determine if there are any issues associated with the operation of the Air Show that may negatively affect their communities. Copies of responses from the bordering entities shall be provided to the Executive Director within 48 hours of receipt by Kernz of

the same. If any resident has to evacuate their home during the Air Show, Kernz must make arrangements in advance to accommodate such residents. Such contact will take place in a timely manner and a report made to Authority with the results of inquiry no later than six (6) months prior to the Air Show and Exhibition. Further, Kernz agrees that it will fulfill its responsibilities pursuant to the Airport Security Plan approved by the Federal Aviation Administration and any amendments thereto.

SECTION 16 CIVIL RIGHTS ASSURANCES

Kernz 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 said facilities.
- B. That in the construction of any improvements on, over or under such land, 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 Kernz shall use the 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.

SECTION 17 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.

SECTION 18 INDEPENDENT CONTRACTOR

Kernz hereby warrants and represents that in the performance of its obligations under this Agreement it is acting solely as an independent contractor and in no way, directly or indirectly, is it acting as agent for Authority. Kernz further agrees that any and all members and employees of Kernz, or other persons while engaged in the performance of any services required of Kernz under this Agreement, shall not be considered employees of 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 members or

employees or other persons while so engaged, and any and all claims made by third parties as a consequence of any act or omission on the part of Kernz or of its members, agents and employees or any other persons, while so engaged in any services provided to rendered herein, shall in no way be the obligation or responsibility of Authority.

SECTION 19 NOTICES

All notices provided for herein to be given by one party to the other shall be deemed to have been given by depositing written notice in the United States mail addressed to said party at the address set forth below:

To Authority: Duluth Airport Authority
Duluth International Airport
4701 Grinden Drive
Duluth, Minnesota 55811
Attn: Tom Werner, Executive Director

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

To Duluth Air & Aviation Expo:
Duluth Air & Aviation Expo
2110 West 1st Street
Duluth, MN 55806

SECTION 20 GOVERNING LAW

This Agreement shall be governed by the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in the court located in St. Louis County, Minnesota. However, litigation in Federal Courts involving the parties shall be in the appropriate federal court in the State of Minnesota.

SECTION 21 JOINT AND SEVERAL LIABILITY

Kernz & Kompany, Inc. and Duluth Air & Aviation Expo are jointly and severally liable for all obligations under this Agreement.

SECTION 22 AMENDMENTS

Any amendment 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.

SECTION 23
WAIVER

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

SECTION 24
SEVERABILITY

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

SECTION 25
ENTIRE AGREEMENT

This Agreement, including all attachments, constitutes the entire Agreement between Authority, Kernz and Duluth Air & Aviation Expo and supersedes all prior written or oral agreements and negotiations between the parties relating to the subject matter hereto.

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

DULUTH AIRPORT AUTHORITY

KERNZ & KOMPANY, INC.

By _____
Its President

By _____
Its President
Duluth Air and Aviation Expo

Print _____

Print _____

By _____
Its Secretary

By _____

Print _____

Acknowledgment:

On _____, 2019 appeared before me _____ and _____, the President and Secretary of 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.

Certificate of Secretary

By _____
DAA Secretary

Acknowledgment:

On _____, 2019 appeared before me Ryan Kern, the President of Kernz & Kompany, Inc, and _____, the _____ of Duluth Air and Aviation Expo and executed this agreement.

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RS&H

RS&H, Inc.
1333 Airport Ave./Tech Road, Suite A
Burlington, Minnesota 55815
313-723-1333 FAX 313-723-1333
www.rsandh.com

Abstract: This study examines the impact of the 2008 financial crisis on the U.S. economy. The study finds that the crisis led to a significant decline in GDP, a rise in unemployment, and a loss of confidence in the financial system. The study also finds that the crisis led to a shift in consumer behavior, with a move away from discretionary spending and towards necessities. The study concludes that the crisis has had a lasting impact on the U.S. economy, and that the government has taken steps to address the crisis, but more needs to be done to restore confidence in the financial system and to stimulate economic growth.

DULUTH
INTERNATIONAL
AIRPORT

AIRPORT
LAYOUT PLAN

CONCLUSIONS

REVISIONS

DATE	DESCRIPTION
LATE FEBRUARY, OCTOBER 2016	
REVIEWED BY JCM	
BRANCH ST.	

DESIGNED BY:
APP PROJECT NUMBER
215-1802-101
DIRECT TITLE

**AIRPORT
PROPERTY**

MAP

22 OF 24

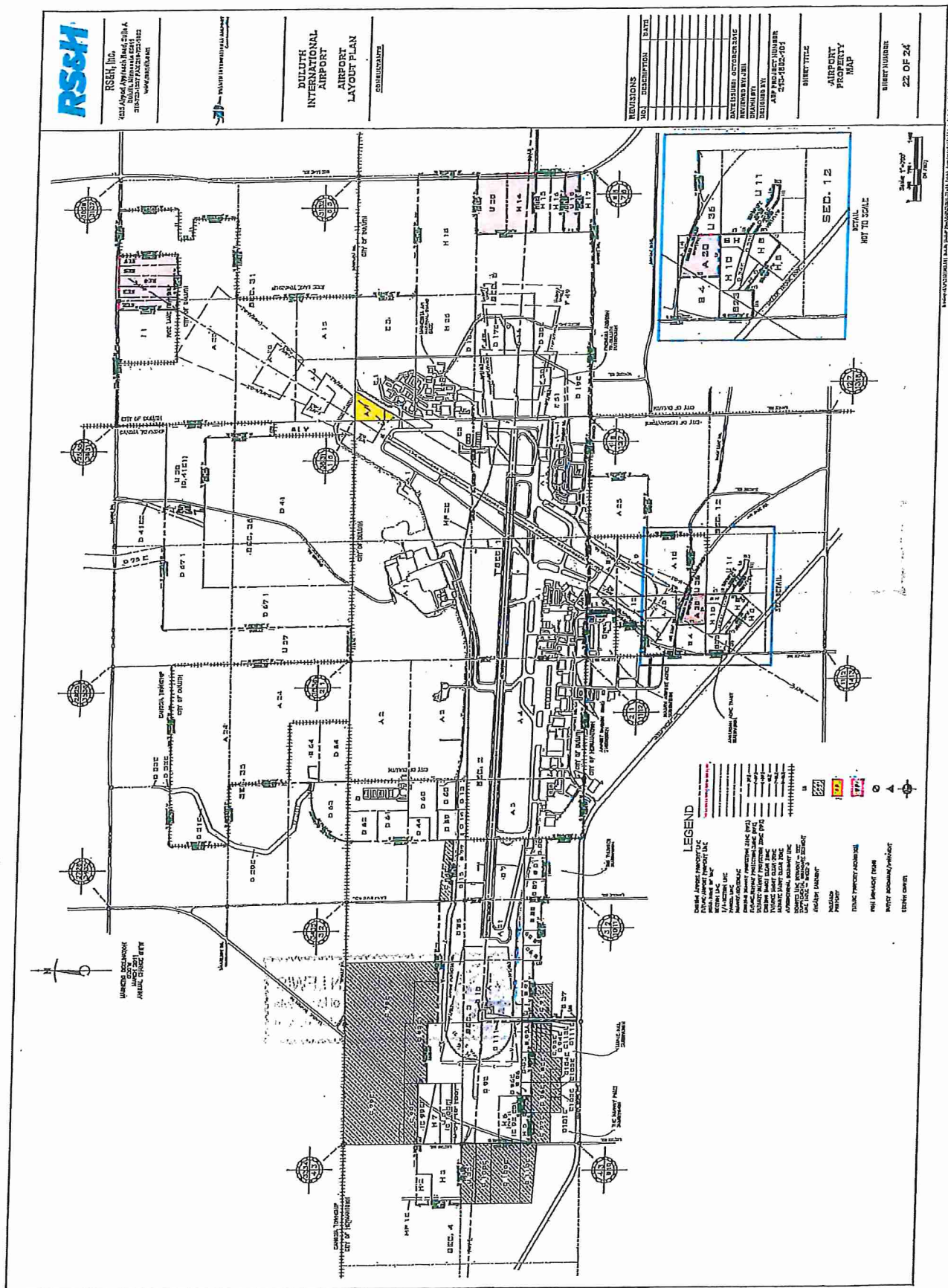
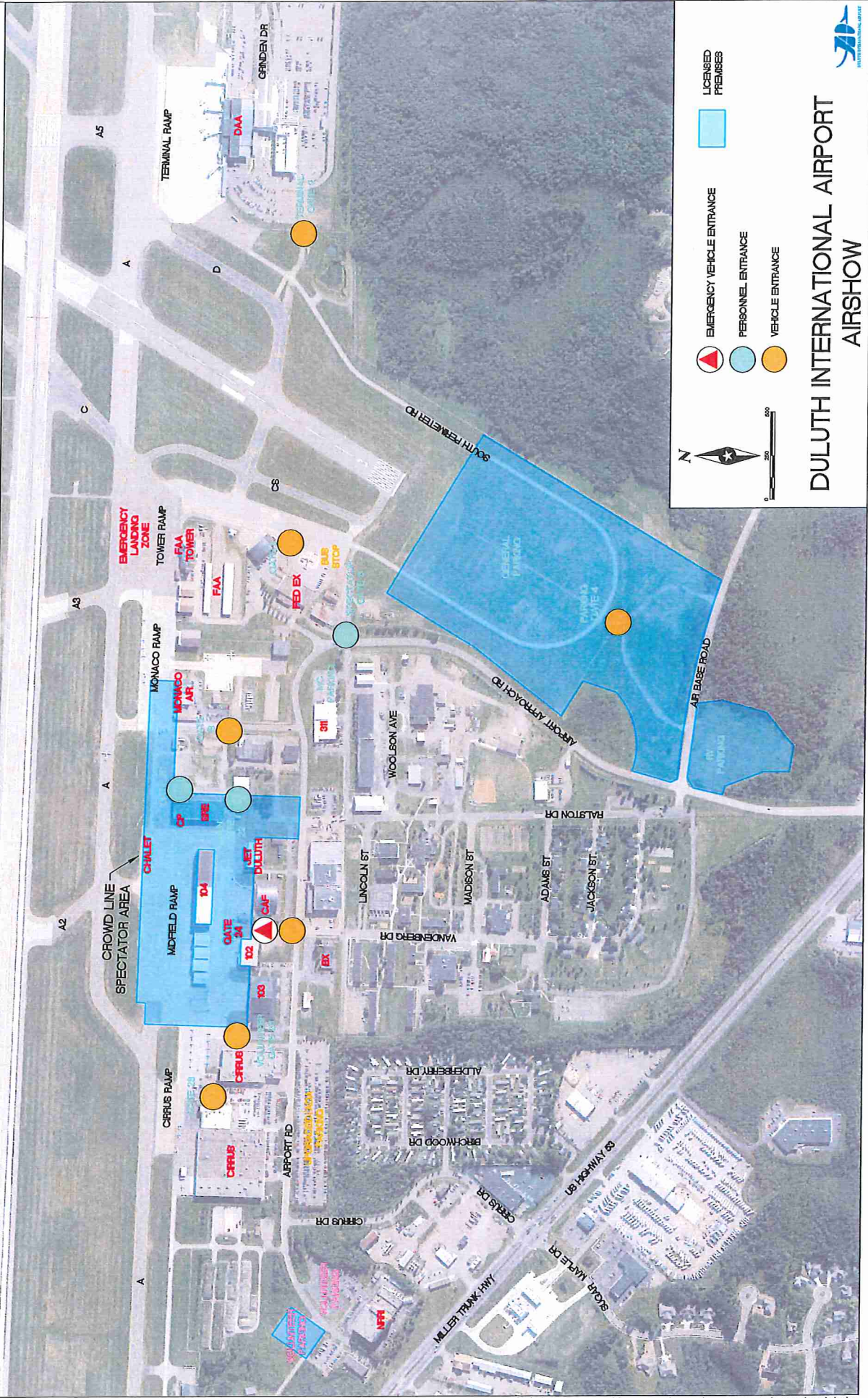


EXHIBIT B



DULUTH INTERNATIONAL AIRPORT AIRSHOW





Duluth Airport Authority

Balance Sheet

End of Mar 2019

Financial Row	Amount
ASSETS	
Current Assets	
Bank	\$1,907,568.23
Accounts Receivable	
Accounts Receivable - Restricted PFC	\$98,876.38
Accounts Receivable Billed	\$527,464.49
Total Accounts Receivable	\$626,340.87
Other Current Asset	\$127,864.27
Total Current Assets	\$2,661,773.37
Fixed Assets	\$119,882,227.34
Other Assets	
Accumulated Amortization	(\$1,532,599.70)
Airport Planning Projects - Contributed	\$2,238,672.50
Airport Planning Projects - Invested	\$400,003.05
Deferred Outflows	\$220,954.00
Lease Buyout Costs	\$12,130.55
Total Other Assets	\$1,339,160.40
Total ASSETS	\$123,883,161.11
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	
Accounts Payable	\$117,907.65
Contracts Payable	\$147,251.23
Total Accounts Payable	\$265,158.88
Credit Card	\$1,062.41
Other Current Liability	
Accrued Expense	\$11,299.98
Accrued Interest	75,355.80
Accrued Sales Taxes Payable - All	(\$15.39)
Accrued Vacation	\$120,904.79
Deferred Inflows	\$344,808.00
Loans Payable - DEDA MIF	\$26,666.64
Loans Payable to City of Duluth	\$910,000.00
Revenue Note Payable - FBO Acquisition	\$35,910.92
Unearned Revenue - Non Current	\$389,578.84
Total Other Current Liability	1,914,509.58
Total Current Liabilities	2,180,730.87
Long Term Liabilities	
LT Loans Payable - DEDA MIF	\$22,222.60
LT Loans Payable to City of Duluth	
LT Hangar 103 Renovations	\$2,230,000.00
LT Parking Structure	\$2,260,000.00
LT Terminal Loan	\$3,905,000.00
Total - LT Loans Payable to City of Duluth	\$8,395,000.00
Net Pension Liability	\$1,037,399.00
Total Other Post Employment Benefit Liability	\$2,865,608.64
Total Long Term Liabilities	\$12,320,230.24
Equity	
Contributed Equity	\$16,621,668.70
Retained Earnings	\$95,723,776.06
Net Income	(2,963,244.76)
Total Equity	109,382,200.00
Total LIABILITIES & EQUITY	123,883,161.11

Duluth Airport Authority
Income Statement
Jan 2019, Q1 2019, Feb 2019, Mar 2019

Financial Row	Amount
Ordinary Income/Expense	
Income	
Non-Aeronautical Revenue	
Advertising Income	\$2,400.00
Concession Revenue	
ATM	\$159.00
Car Rental Concession	\$111,454.68
Food & Beverage Concession	\$16,267.07
Parking	\$264,299.30
Services/Other	\$150.00
TNC Per Trip Fee	\$3,106.50
Vending	\$1,437.26
Total - Concession Revenue	\$396,873.81
Customer Facility Charges	\$54,624.00
Miscellaneous Revenues	15,750.56
Parking	\$96,825.19
Permits	10,518.97
Plowing Services	\$7,500.00
Reimbursed Expenses	19,097.60
Rent	\$39,153.15
Sponsorship Income	\$65,000.00
State Aid	(\$19,409.11)
Total - Non-Aeronautical Revenue	688,334.17
Non-Passenger Aeronautical Revenue	
Aviation Gas	\$1,143.59
Concession Revenue	\$29,163.90
Event Income	\$5,000.00
Landing Fees	\$8,377.79
Ramp Fees	\$4,649.04
Rent	290,336.15
Security Reimbursement	\$22,568.93
Tie Downs	\$780.00
Total - Non-Passenger Aeronautical Revenue	362,019.40
Passenger Airline Aeronautical Revenue	
Landing Fees	\$70,422.01
Terminal Office/Space Rental	\$273,871.92
Total - Passenger Airline Aeronautical Revenue	\$344,293.93
Total - Income	1,394,647.50
Gross Profit	1,394,647.50
Expense	
Amortization Expense	\$9,098.40
Miscellaneous Expenses	\$7,077.83
Personnel Compensation & Benefits	
Benefit Administration Fees	\$294.00
Employer Contributions for Retirement	\$41,647.81
Employer Paid Insurance	\$89,298.33
Retiree Benefits	\$15,164.84
Wages & Salaries	\$333,375.24
Worker's Compensation	\$13,019.37
Total - Personnel Compensation & Benefits	\$492,799.59
Services and Charges	
Badging	\$2,200.00
Central Services Fee	\$11,299.98
Communications & Technology	\$41,406.01
Employee Development Services	\$17,252.57
Employee Physicals	\$425.00

Financial Row	Amount
Insurance	\$15,961.86
Marketing	\$40,475.59
Professional Services	\$59,071.72
Rentals	\$2,687.21
Repairs and Maintenance - Contractual/Services	100,934.22
Sponsorship Expenses	\$1,000.00
Transportation	\$569.56
Utility Services	
Electric	\$84,530.54
Fuel Oil	\$1,506.32
Natural Gas	\$32,017.83
Propane	\$1,051.78
Refuse Disposal	\$8,598.55
Storm Water	\$10,509.09
Water	\$2,922.42
Total - Utility Services	\$141,136.53
Total - Services and Charges	434,420.25
Supplies	
Merchandise for Resale	\$3,123.50
Office Supplies	\$3,479.38
Operating Supplies	\$69,654.61
Repairs & Maintenance Supplies	
Airfield	
Airfield	\$223.41
Electrical	\$5,483.50
Sand/NACC/E36	\$45,413.52
Total - Airfield	51,120.43
Building	10,135.94
Fencing & Gates	\$748.94
Heavy Equipment	\$16,526.07
Heavy Equipment Accessories	\$4,629.84
Light Equipment	\$2,438.61
Sand/Deicer	\$563.01
Shop Supplies	\$3,351.40
Small Tools	\$962.42
Total - Repairs & Maintenance Supplies	90,476.66
Total - Supplies	166,734.15
Total - Expense	1,110,130.22
Net Ordinary Income	284,517.28
Other Income and Expenses	
Other Income	
Capital Contributions	
Contributed Capital	\$37,578.25
Grants	(\$3,367,224.47)
Total - Capital Contributions	(\$3,329,646.22)
Non-Operating Revenue	
Interest Income	\$7,699.00
Passenger Facility Charges	\$149,540.98
Total - Non-Operating Revenue	\$157,239.98
Total - Other Income	(\$3,172,406.24)
Other Expense	
Non-Operating Expense	
Interest Expense	\$75,355.80
Total - Non-Operating Expense	\$75,355.80
Total - Other Expense	\$75,355.80
Net Other Income	(\$3,247,762.04)
Net Income	(2,963,244.76)

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)	Budget Amount (Jan 2019 - Mar 2019)	Variance from Prior Year	Variance From Budget (Jan 2019 - Adjust 2019)	Total Budget (Jan 2019 - Adjust 2019)
Ordinary Income/Expense						
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
Total - Income	1,334,890	1,394,648	1,349,790	59,757	44,857	5,570,332
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
Total - Expense	996,480	1,101,032	1,105,064	104,551	(4,032)	4,316,282
Net Ordinary Income	338,410	293,616	244,726	(44,794)	48,889	1,254,050
Other Income and Expenses						
Other Income						
Non-Operating Revenue	142,890	157,240	132,000	14,350	25,240	524,000
Total - Other Income	142,890	157,240	132,000	14,350	25,240	524,000
Other Expense						
Non-Operating Expense	85,086	75,356	95,356	(9,730)	(20,000)	379,834
Total - Other Expense	85,086	75,356	95,356	(9,730)	(20,000)	379,834
Net Other Income	57,804	81,884	36,644	24,080	45,240	144,166
Net Income Exclusive of Project Expenses, Depreciation & Amortization	396,214	375,500	281,371	(20,714)	94,129	1,398,216
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)
Net Income	(3,408,546)	(2,963,245)	2,441,354	445,301	(5,404,598)	10,053,312

* 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.



Duluth Airport Authority

Duluth A/R Aging Report

As of May 14, 2019

Filters: Transaction Type (equal to Invoice, Payment, Credit Memo)

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT		4/14/2019 - 5/13/2019 (30)		3/15/2019 - 4/13/2019 (60)		2/13/2019 - 3/14/2019 (90)		BEFORE 2/13/2019 (>90)		TOTAL
						Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance			
AAR Aircraft Service						\$0.00	\$600.00	\$505.00	\$0.00	\$0.00	\$1,105.00	\$0.00	\$0.00	\$0.00	\$1,105.00	
American Airlines	Invoice	5/1/2019	4826	5/31/2019	13	\$0.00	\$2,114.61	\$0.00	\$0.00	\$0.00	\$2,114.61	\$0.00	\$0.00	\$0.00	\$2,114.61	
Avis Rent A Car	Invoice	5/1/2019	5021	5/31/2019	13	\$0.00	\$2,175.81	\$0.00	\$0.00	\$0.00	\$2,175.81	\$0.00	\$0.00	\$0.00	\$2,175.81	
BKR Investments DBA Duluth Pack						\$0.00	\$250.00	\$250.00	\$0.00	\$0.00	\$500.00	\$0.00	\$0.00	\$0.00	\$500.00	
Brown, James	Invoice	5/1/2019	5052	5/31/2019	13	\$0.00	\$239.75	\$0.00	\$0.00	\$0.00	\$239.75	\$0.00	\$0.00	\$0.00	\$239.75	
Budget Rent A Car						\$0.00	\$3,860.27	\$0.00	\$0.00	\$0.00	\$3,860.27	\$0.00	\$0.00	\$0.00	\$3,860.27	
Case, Ronald Jr.	Invoice	5/1/2019	5106	5/31/2019	13	\$0.00	\$102.00	\$0.00	\$0.00	\$0.00	\$102.00	\$0.00	\$0.00	\$0.00	\$102.00	
Chad's Pad, LLC	Invoice	5/1/2019	5072	5/31/2019	13	\$0.00	\$1,800.00	\$0.00	\$0.00	\$0.00	\$1,800.00	\$0.00	\$0.00	\$0.00	\$1,800.00	
Churchill, Sean						\$0.00	\$185.21	\$185.21	\$0.00	\$0.00	\$370.42	\$0.00	\$0.00	\$0.00	\$370.42	
Cirrus Design Corporation						\$0.00	\$22,345.79	\$0.00	\$0.00	\$0.00	\$22,345.79	\$0.00	\$0.00	\$0.00	\$22,345.79	
City of Cloquet	Invoice	4/18/2019	5003	5/18/2019	26	\$0.00	\$598.00	\$0.00	\$0.00	\$0.00	\$598.00	\$0.00	\$0.00	\$0.00	\$598.00	
City of Duluth	Invoice	5/1/2019	5045	5/31/2019	13	\$0.00	\$1,581.14	\$0.00	\$0.00	\$0.00	\$1,581.14	\$0.00	\$0.00	\$0.00	\$1,581.14	
Civil Air Patrol	Invoice	5/1/2019	5073	5/31/2019	13	\$0.00	\$1.00	\$0.00	\$0.00	\$0.00	\$1.00	\$0.00	\$0.00	\$0.00	\$1.00	
Compudyne						\$0.00	\$28.87	\$0.00	\$0.00	\$0.00	\$28.87	\$0.00	\$0.00	\$28.30	\$57.17	
Coons, John	Invoice	5/1/2019	5107	5/31/2019	13	\$0.00	\$153.00	\$0.00	\$0.00	\$0.00	\$153.00	\$0.00	\$0.00	\$0.00	\$153.00	
Dallmann, Nathan	Invoice	5/1/2019	5108	5/31/2019	13	\$0.00	\$102.00	\$0.00	\$0.00	\$0.00	\$102.00	\$0.00	\$0.00	\$0.00	\$102.00	
Dargay, Christopher	Invoice	5/1/2019	5109	5/31/2019	13	\$0.00	\$153.00	\$0.00	\$0.00	\$0.00	\$153.00	\$0.00	\$0.00	\$0.00	\$153.00	
Delta Airlines	Payment	4/29/2019	4475	4/29/2019	15	\$0.00	(\$1,018.19)	\$0.00	\$0.00	\$0.00	(\$1,018.19)	\$0.00	\$0.00	\$0.00	(\$1,018.19)	
Delta Global Services	Invoice	4/11/2019	4958	5/11/2019	33	\$0.00	\$0.00	\$2,695.00	\$0.00	\$2,695.00	\$2,695.00	\$0.00	\$0.00	\$0.00	\$2,695.00	
Divine Carriers						\$0.00	\$229.31	\$229.31	\$0.00	\$0.00	\$458.62	\$0.00	\$0.00	\$0.00	\$458.62	
Edwards Michael	Invoice	5/2/2019	5110	6/1/2019	12	\$0.00	\$102.00	\$0.00	\$0.00	\$0.00	\$102.00	\$0.00	\$0.00	\$0.00	\$102.00	
Engstad, David	Invoice	5/1/2019	5065	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$181.75	
Enterprise Leasing Company						\$0.00	\$695.05	\$65.00	\$1,102.30	\$0.00	\$1,862.35	\$0.00	\$0.00	\$0.00	\$1,862.35	
Federal Express Corporation						\$0.00	\$0.00	\$1,875.00	\$0.00	\$3,610.00	\$5,485.00	\$3,610.00	\$0.00	\$0.00	\$5,485.00	
Goritchan Boris						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$369.00	\$369.00	\$0.00	\$0.00	\$369.00	
Grimsko, Gerald	Invoice	4/22/2019	5017	5/22/2019	22	\$0.00	\$306.00	\$0.00	\$0.00	\$0.00	\$306.00	\$0.00	\$0.00	\$0.00	\$306.00	
GSSC						\$0.00	\$0.00	\$515.00	\$384.00	\$0.00	\$899.00	\$0.00	\$0.00	\$0.00	\$899.00	
Hagberg, Rick	Invoice	5/1/2019	5063	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$181.75	
Hall John						\$0.00	\$267.10	\$267.10	\$5.81	\$0.00	\$540.01	\$0.00	\$0.00	\$0.00	\$540.01	
Hatfield, Dan	Invoice	5/1/2019	5059	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$181.75	
Heimbach Ann	Invoice	1/16/2019	4548	2/15/2019	118	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15.00	\$15.00	
Hermantown Hydraulics						\$0.00	\$628.27	\$610.56	\$610.56	\$3,531.88	\$5,381.27	\$3,531.88	\$0.00	\$0.00	\$5,381.27	
Hertz-Overland West						\$0.00	\$1,952.20	\$0.00	\$0.00	\$0.00	\$1,952.20	\$0.00	\$0.00	\$0.00	\$1,952.20	

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT		4/14/2019 - 5/13/2019 (30)		3/15/2019 - 4/13/2019 (60)		2/13/2019 - 3/14/2019 (90)		BEFORE 2/13/2019 (>90)		TOTAL
						Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	
Higgins, Ronald	Invoice	4/15/2019	4987	5/15/2019	29	\$0.00	\$30.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30.00	
Hillman Colin	Invoice	4/15/2019	4978	5/15/2019	29	\$0.00	\$240.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$240.00	
Hydro Solutions, Inc.						\$0.00	\$3,466.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$35,659.59	\$35,659.59	\$39,126.34	
Jeff Foster Trucking	Invoice	5/1/2019	5057	5/31/2019	13	\$0.00	\$239.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$239.75	
Johnson David	Invoice	5/1/2019	5111	5/31/2019	13	\$0.00	\$153.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$153.00	
Johnston, Paul	Invoice	5/1/2019	5068	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.75	
Lake Superior Aviation, LLP	Invoice	5/1/2019	5048	5/31/2019	13	\$0.00	\$720.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$720.10	
Lake Superior Helicopters						\$0.00	\$1,311.27	\$0.00	\$0.00	\$125.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,436.27	
Lyft, Inc.						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,062.50	\$0.00	\$0.00	\$0.00	\$2,062.50	
M & M Light Transport						\$0.00	\$181.75	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$363.50	
Mark Marino						\$0.00	(\$45.00)	\$0.00	(\$45.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$45.00)	
Marsden BLD Maint. DBA Crystal Clean of the North	Invoice	4/11/2019	4970	5/11/2019	33	\$0.00	\$0.00	\$0.00	\$800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$800.00	
Minnesota Air National Guard						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,633.57	\$13,633.57	\$13,633.57	
Minnesota Power						\$0.00	\$10,425.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,425.90	
Monaco Air Duluth						\$0.00	\$5,624.53	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,624.53	
Mountain Air Cargo						\$0.00	\$1,549.68	\$0.00	\$1,549.68	\$0.00	\$0.00	\$0.00	\$2,241.92	\$2,241.92	\$5,341.28	
Northland Constructors, Inc.	Invoice	5/1/2019	5036	5/31/2019	13	\$0.00	\$181.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.50	
Oakwells CR, LLC						\$0.00	\$6,529.37	\$0.00	\$6,529.37	\$0.00	\$0.00	\$0.00	\$1,183.15	\$1,183.15	\$7,712.52	
Oberfoell Auctioneers/Do- Bid.com	Payment	4/1/2019	4383	4/1/2019	43	\$0.00	\$0.00	(\$44.21)	(\$44.21)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$44.21)	
Opack Matthew Jr.	Invoice	5/1/2019	5070	5/31/2019	13	\$0.00	\$185.21	\$0.00	\$185.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$185.21	
Palmer, John	Invoice	5/1/2019	5071	5/31/2019	13	\$0.00	\$185.21	\$0.00	\$185.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$185.21	
Parthe, Lance						\$0.00	\$239.75	\$0.00	\$239.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$479.50	
Payne, Robert	Invoice	5/1/2019	5051	5/31/2019	13	\$0.00	\$239.75	\$0.00	\$239.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$239.75	
QMS, INC.						\$0.00	\$250.00	\$0.00	\$250.00	\$274.08	\$272.85	\$0.00	\$50.68	\$50.68	\$847.61	
Rasier, LLC	Payment	5/10/2019	4538	5/10/2019	4	\$0.00	(\$826.50)	\$0.00	(\$826.50)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$826.50)	
Rathbun, David	Invoice	5/1/2019	5062	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.75	
Reabe, Troy	Invoice	5/1/2019	5067	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.75	
RS&H	Invoice	5/1/2019	5049	5/31/2019	13	\$0.00	\$2,029.72	\$0.00	\$2,029.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,029.72	
Safstrom Jon						\$0.00	\$153.00	\$0.00	\$153.00	\$0.00	\$0.00	\$0.00	\$153.00	\$153.00	\$306.00	
Security Jewelers	Invoice	5/1/2019	5050	5/31/2019	13	\$0.00	\$250.00	\$0.00	\$250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00	
Siegel, Jerry	Invoice	5/1/2019	5056	5/31/2019	13	\$0.00	\$239.75	\$0.00	\$239.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$239.75	
Skywest Airlines						\$0.00	(\$5,025.24)	\$0.00	(\$5,025.24)	\$5,266.71	\$5,266.71	\$0.00	\$0.00	\$0.00	\$241.47	
Stevens, Mike	Invoice	5/1/2019	5064	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.75	
Sydow Dan						\$0.00	\$239.75	\$0.00	\$239.75	\$0.02	\$0.02	\$0.00	\$0.00	\$0.00	\$239.77	
Tantinen, Frank	Invoice	5/1/2019	5066	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.75	
The Jamar Company	Invoice	4/18/2019	5002	5/18/2019	26	\$0.00	\$175.00	\$0.00	\$175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$175.00	
Transportation Security Administration						\$0.00	\$7,432.14	\$0.00	\$7,432.14	\$1,030.00	\$1,030.00	\$0.00	\$0.00	\$120.00	\$8,582.14	
United Airlines	Invoice	10/24/2018	4176	11/23/2018	202	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$115.00	\$115.00	\$115.00	
United Parcel Service	Invoice	4/11/2019	4974	5/11/2019	33	\$0.00	\$0.00	\$0.00	\$65.00	\$65.00	\$0.00	\$0.00	\$0.00	\$0.00	\$65.00	

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT		4/14/2019 - 5/13/2019 (30)		3/15/2019 - 4/13/2019 (60)		2/13/2019 - 3/14/2019 (90)		BEFORE 2/13/2019 (>90)		TOTAL
						Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	
Wicklein, John	Invoice	5/1/2019	5113	5/31/2019	13	\$0.00	\$153.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$153.00	
Williams, Ron	Invoice	5/1/2019	5060	5/31/2019	13	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.75	
Total						\$0.00	\$77,617.08	\$16,684.96	\$4,438.02	\$60,711.09	\$159,451.15					