DULUTH AIRPORT AUTHORITY
MEETING AGENDA
JANUARY 17, 2017

AMATUZIO CONFERENCE ROOM
THIRD FLOOR

A Portion of this Meeting Will Be Closed for a Performance Evaluation

I *EXECUTIVE DIRECTORS REVIEW

Information Letter to DAA Directors.

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

A. Approval of December 20, 2016 Meeting Minutes.

III *DAA CASH DISBURSEMENTS

A. Cash Disbursement Sheets #25 and #26, 2016.

IV *CORRESPONDENCE

A. December 6, 2016 Support Letter from DAA to Great Lakes Region FAA Regarding Appleton International Airport and Fox Valley Technical College Efforts to Construct an ARFF Training Center.
B. Duluth Airport and Aviation News: December 13, 2016 Air Transport World News Release "SkyWest Transitions From 50-Seat Aircraft With Bombardier Agreement", December 19, 2016 InterVISTAS News Release "U.S. Transportation Acting Assistant Secretary Rosenberg Announces Membership of Working Group on Improving Air Service to Small Communities", December 26, 2016 News Release "Minnesotans Flock to Thunder Bay to Fly Overseas" and January 10, 2017 SC Times "Your Turn: St. Cloud Should Invest in Allegiant Airlines".
C. December 13, 2016 Notice Letter from Monaco Air Duluth to DAA Requesting DAA to Draft Amendment #11 to Monaco Air's Operator Agreement Extending the Term.
D. December 29, 2016 Copy of Letter From City of Duluth to Dakota-MN Airports FAA Regarding Grant Assurances Release Under AIP Project Number 27-0024-11-91, Lake Superior College.
E. January 2, 2017 E-Mail from Monaco Air Foundation with Summary of December 2016 Activities.
F. January 6, 2017 Letter from Office of the State Auditor to DAA Confirming Understanding of Services for the Year Ended December 31, 2016.
G. Link for Metropolitan Airports Commission (MAC) Commission Minutes -- https://metroairports.org/Airport-Authority/Metropolitan-Airports-Commission/Public-Meetings/Board-Meetings.aspx.

V OPPORTUNITY FOR PERSONS TO BE HEARD

VI OLD BUSINESS

A. Resolution to Approve the Airport Parking Operation Agreement Between the Duluth Airport Authority and Republic Parking System, Inc.

VII NEW BUSINESS

A. Resolution Authorizing the Display of Advertisement Agreement Between the Duluth Airport Authority and Visit Duluth.
B. Resolution Authorizing an Agreement to Insure Certain Duluth Airport Authority Property and Equipment Under the City of Duluth's Property Insurance Policy.
C. Meeting Closed to Evaluate the Performance of Executive Director, Mr. Tom Werner, Pursuant to Minn. Stat. 13D.05 subd.3 (a).
D. Regular Meeting Reconvened.
E. Summary of Board Conclusions Regarding Evaluation.
F. Resolution to Approve DAA Executive Director's 2017 Work Plan.
G. Resolution to Approve a One Time Incentive Payment for the DAA Executive Director.
H. *November 2016 Financial Report.
I. *December 2016 Accounts Receivables.
J. *December 2016 Airline Statistics.

VII DIRECTORS REPORTS

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

EXECUTIVE DIRECTORS REVIEW

DATE: **January 17th, 2016**
TO: **DAA Directors**
FROM: **Executive Director**
SUBJECT: **EXECUTIVE DIRECTORS REVIEW**

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

AIR SERVICE

- 5.4% Decrease in YTD
- 3.3% Decrease December 2016 Compared to December 2015
- 2.8% Decrease Delta YTD
- .4% Decrease United Express YTD
- Allegiant Phoenix/Mesa Attraction Strategy Update

AIRFIELD OPERATIONS & DEVELOPMENT

- Airside
  - Runway 9/27 Reconstruction- Peterson, B.
  - Airfield Fence Project- Peterson, B.
- Landside
  - Cleaning Contract RFP- Werner, T.
- Business/Property Development
  - Fedex Development- DeCoster, J.
  - Air National Guard Land Lease/Environmental Cleanup- DeCoster, J.
  - Transportation Network Company Policy- DeCoster, J.
  - Business Development Committee Meeting Update- DeCoster, J.
    - Multi-modal Shuttle Concept
    - Non-Aeronautical Development Revenue Opportunity
- Sky Harbor
  - Runway Realignment Environmental Permit Update- Peterson, B.

FINANCIAL UPDATE

- Audit Prep- Bodin, J.

MARKETING UPDATE

- Duluth Pack Promotion- Peterson, N.

LEGISLATIVE UPDATE

- Capital Funding Request- Gary Cerkenik
- State Zoning Reform

NORTHERN AERO ALLIANCE

- January 18th, 7:30 AM, Lake Superior College Center for Advanced Aviation

PRESENTATIONS/TOURS/TRAVEL RECAP

- NSR

OTHER

- Open Board Seat

Thomas J. Werner
Executive Director

MINUTES

DRAFT
MINUTES OF THE MEETING

DATE: December 20, 2016

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

DIRECTORS PRESENT: Ken Butler
Anna Tanski
Sue Ross
Richard Stewart
Todd Fedora

DIRECTORS ABSENT: Pat Mullen

OTHERS PRESENT: Tom Werner, Executive Director
Mary Ann Wittkop, Recording Secretary
Joan Christensen, Assistant City Attorney
Blaine Peterson, Director of Operations
Natalie Peterson, Director of Marketing & Communications
Joelle Bodin, Director of Finance & Administration
John DeCoster, Trillion Aviation
Kathy Carver, Confidential Bookkeeper
Jana Kayser, Part Time Bookkeeper
Darren Christopher, RS&H
Benita Crow, SEH
Kaci Nowicki, SEH
Allyz Kramer, SEH
Scott Sannes, SEH
Don Monaco, Monaco Air Duluth
Jay Ellis, Thanks Again

Vice President Butler welcomed everyone and called the meeting to order at 8:01 a.m. He thanked the public for their interest and reminded people to sign in for the Opportunity to be Heard section. Mr. Tom Werner, Executive Director, was invited to present on the Executive review.

EXECUTIVE DIRECTOR'S REVIEW

- Air Service: Year to date (YTD) numbers decreased by 5.5%, third straight month to month increase -- November by 6%, Delta YTD decreased by .7% -- met with new Aviation Planner for Delta and discussed aircrafts, fares and air service, United decreased .1%; Allegiant Phoenix/Mesa attraction strategy – meetings with Visit Duluth regarding grant application, timeline for letters of support, monetary and

community support – making it a regional effort.

Dir. Tanski arrived at 8:07 a.m.

- Airfield operations and development:
  * Airside: Mr. Werner briefed on Runway 9/27 Phase 1 reconstruction grant due to expire fall of 2018 – positive correspondence exchange with AAR, moving issue along and will continue to update; Mr. Blaine Peterson, Director of Operations, updated on Phase 3 reconstruction project -- informational meetings on project; Ms. Kaci Nowicki, SEH, presented background, overviewed and updated on the Triggering Event Master Plan and Airport Noise Contour, spoke on next steps; Mr. Peterson updated on the airfield fence project, timeline of gates powered up to complete Phase 1 for the year, security badge system equipment has been delayed.
  * Landside: Mr. Peterson spoke on timeline for the Terminal cleaning and maintenance contract -- four interested parties, the process, should award contract in February; MnDOT Needs meeting held yesterday, community invited to share on twenty-year vision for airport, very good meeting, communities represented well with great discussion and conversation.
  * Business Development: Winter testing facility – Mr. Werner briefed on work for development of a conceptional plan, more information in coming months; Mr. John DeCoster, Trillion Aviation, FedEx development, Curt Fisher is having discussions with FedEx regarding environmental concerns, working through process, will continue to monitor and update; National Guard land lease – working on term sheet and survey of parcels due to issues with exhibits.
  * Sky Harbor: Ms. Allyz Kramer, SEH, presented on the Sky Harbor Airport permit application status update and timeline, summarized on the proposed action, the coordination due to the unique project, work in Superior Bay, proposed mitigation actions, aquatic and terrestrial enhancements. Questions followed.
- Financial: Ms. Joelle Bodin, Director of Finance & Administration, in the draft process for the non-contract employee handbook, working with Assistant City Attorney on the structure on access of benefits; Explained the Hansen Lease and Rental collections hearing.
- Marketing update: Ms. Natalie Peterson, Director of Marketing & Communications, presented a handout and spoke on the DAA/Duluth Pack promotion, great partnership and a big thank you to SkyWest Airlines for their support and donations; Touched on Airport Christmas activities; Corporate parking renewal process, one spot available; Thanks Again Award Program – focusing on expansion of program to area merchants and corporations. Mr. Jay Ellis, Thanks Again, summarized on the process for engaging the mobile public by utilizing data to provide additional revenue opportunities, working on creating a database for DAA and how to grow

the program outside of the airport. Ms. Peterson spoke on the partnership with Visit Duluth who is very excited with the potential and opportunities.

- Legislative update: Mr. Werner spoke on the capital funding request, focusing on next session; State zoning reform is on the Governor's desk for consideration, meeting with MAC later this week; Will be meeting with City Councilor Noah Hobbs regarding the Uber, Lyft draft ordinance.
- Presentations recap: Joint presentation with Range Regional Airport Executive Director to the Grand Rapids Chamber regarding Northern Minnesota air service, also attended legislative luncheon, very good dialog and connections; Attended the Cirrus jet unveiling at the new completion center – great event.
- Other Items: Aviation Cluster Economic Impact Study, continuing to gather data information.

Questions and discussion followed on several of the Executive Director's review items. Dir. Tanski moved to approve the November 22nd meeting minutes and other consent items below. Dir. Ross seconded. Motion carried.

CONSENT ITEMS

Cash disbursement sheet #23, 2016 and Construction Fund Sheet #11, 2016.
Notice of Hearing for Duluth Airport Authority vs Hansen Lease and Rental of Fargo Inc., Hansen Lease and Rental Inc.
Letter from FAA to DAA regarding PFC Amendment Number 08-08-C-01-DLH.
Letter from City Attorney's Office to Blethen, Gage & Krause PLLP regarding the Duluth Airport Authority and Curt R. Fisher development and lease agreement.
Duluth Airport and aviation news: "DNT Local View: Support Local Military and Veterans by Speaking Out for Their Retail Store", Rick Nolan's Monday Report "America's Local Airports Get Big Boost as Nolan's FAA Reform Bill Heads to President Obama's Desk", Business North "Regional Air Travel Faces Continued Challenge".
E-mail from Monaco Air Foundation with summary of November 2016 activities.

OPPORTUNITY FOR PERSONS TO BE HEARD

None.

OLD BUSINESS

Mr. Werner explained there are ongoing discussion on language for Old Business Item A and recommended to table the parking resolution until the January meeting. Dir. Fedora moved to table the resolution to approve the airport parking operation agreement

between the Duluth Airport Authority and Republic Parking System, Inc. Dir. Tanski seconded. Motion carried.

NEW BUSINESS

Vice Pres. Butler announced the Business Development Subcommittee meeting will be held tomorrow morning and invited anyone interested to join. Mr. Werner mentioned the recommendations for the vacant Board seat have been sent to the Mayor's office.

Dir. Fedora moved to adjourn the December 20th meeting. Dir. Tanski seconded. Motion carried. Vice Pres. Butler adjourned the December 20th DAA Board meeting at 9:26 a.m.

Respectfully submitted,

Mary Ann Wittkop
Recording Secretary

APPROVED: _____ DATE: _____

CASH DISBURSEMENT

Duluth Airport Authority

III

Operating Check Register

December 16, 2016 - December 16, 2016

CD #25-2016

DAA Operating Check Register

Document N	Date	Transaction	Payee	Amount
4454	12/16/2016	BILLPMT	Acme Tools	$51.48
4455	12/16/2016	BILLPMT	AirFiber	$49.95
4456	12/16/2016	BILLPMT	Airgas North Central	$76.00
4457	12/16/2016	BILLPMT	Ameripride Linen & Apparel Services	$288.40
4458	12/16/2016	BILLPMT	Apex	$1,250.00
4459	12/16/2016	BILLPMT	Batteries Plus	$107.96
4460	12/16/2016	BILLPMT	Bear's Heavy Duty	$209.95
4461	12/16/2016	BILLPMT	Bodin, Joelle	$60.00
4462	12/16/2016	BILLPMT	Century Link	$311.82
4463	12/16/2016	BILLPMT	Charter Communications	$123.25
4464	12/16/2016	BILLPMT	City Of Duluth Comfort Systems	$10,519.01
4465	12/16/2016	BILLPMT	Como Lube & Supplies	$1,326.90
4466	12/16/2016	BILLPMT	Compudyne, Inc.	$258.75
4467	12/16/2016	BILLPMT	CW Technology	$119.00
4468	12/16/2016	BILLPMT	Dalco	$1,231.42
4469	12/16/2016	BILLPMT	ESC Systems	$294.00
4470	12/16/2016	BILLPMT	Federal Express Corporation	$73.68
4471	12/16/2016	BILLPMT	General Security Services Corporation	$14,964.39
4472	12/16/2016	BILLPMT	Grainger	$394.05
4473	12/16/2016	BILLPMT	Grand Rapids Area Chamber of Commerce	$20.00
4474	12/16/2016	BILLPMT	Guardian Pest Control	$176.40
4475	12/16/2016	BILLPMT	Halvor Lines, Inc	$1,800.00
4476	12/16/2016	BILLPMT	Hermantown Area Chamber	$345.00
4477	12/16/2016	BILLPMT	Konecranes	$700.00
4478	12/16/2016	BILLPMT	Lakehead Clutch & Brake	$100.00
4479	12/16/2016	BILLPMT	Madsen, Brian	$60.00
4480	12/16/2016	BILLPMT	MailFinance	$251.37
4481	12/16/2016	BILLPMT	Marsden Building Maintenance	$13,014.00
4482	12/16/2016	BILLPMT	MB Companies inc.	$1,263.59
4483	12/16/2016	BILLPMT	Menards	$199.95
4484	12/16/2016	BILLPMT	Metro Sales, Inc.	$541.58
4485	12/16/2016	BILLPMT	Minnesota Elevator, Inc	$1,357.70
4486	12/16/2016	BILLPMT	Minnesota Power	$28,070.37
4487	12/16/2016	BILLPMT	Monaco Air Duluth, LLC	$230.45
4488	12/16/2016	BILLPMT	NAPA Auto Parts	$40.85
4489	12/16/2016	BILLPMT	Nextera Communications	$112.07
4490	12/16/2016	BILLPMT	Northern States Supply, Inc.	$190.29
4491	12/16/2016	BILLPMT	Peterson, Blaine	$60.00
4492	12/16/2016	BILLPMT	Peterson, Natalie	$44.32
4493	12/16/2016	BILLPMT	Peterson, Natalie	$60.00
4494	12/16/2016	BILLPMT	Russell Steel	$161.00
4495	12/16/2016	BILLPMT	Salo Glass Co.	$208.27
4496	12/16/2016	BILLPMT	Sam's Club	$33.90
4497	12/16/2016	BILLPMT	SFM	$10,442.00
4498	12/16/2016	BILLPMT	Sinnott, Paul	$60.00
4499	12/16/2016	BILLPMT	Stokke, David	$189.99
4500	12/16/2016	BILLPMT	Swanson, Richard	$1,616.00
4501	12/16/2016	BILLPMT	Taylor, Dan	$60.00
4502	12/16/2016	BILLPMT	Thanks Again, LLC	$90.98
4503	12/16/2016	BILLPMT	Trillion Aviation	$6,125.00
4504	12/16/2016	BILLPMT	United Truck Body Company, Inc.	$998.82
4505	12/16/2016	BILLPMT	Wabrowetz, Steve	$60.00
4506	12/16/2016	BILLPMT	Wabrowetz, Steve	$142.01
4507	12/16/2016	BILLPMT	Waste Management of WI-MN	$929.16
4508	12/16/2016	BILLPMT	Waste Management of WI-MN	$1,381.47
4509	12/16/2016	BILLPMT	Welch, Ryan	$60.00
4510	12/16/2016	BILLPMT	Werner, Thomas	$60.00
4511	12/16/2016	BILLPMT	Ziegler, Inc.	$1,658.29
	Total			**$104,624.84**

Approvals:

Airport Director

Airport Authority

City Treasurer

CD 25 -- 2016

Duluth Airport Authority
Operating Check Register
December 30, 2016 - December 30, 2016
CD #26-2016
DAA Operating Check Register

Document N	Date	Transaction	Payee	Amount
4512	12/30/2016	BILLPMT	Ameripride Linen & Apparel Services	$236.69
4513	12/30/2016	BILLPMT	Anderson, Derek	$85.39
4514	12/30/2016	BILLPMT	AT&T Mobility	$211.87
4515	12/30/2016	BILLPMT	Aviation Security Clearinghouse	$500.00
4516	12/30/2016	BILLPMT	Benson Electric Company	$22,240.00
4517	12/30/2016	BILLPMT	Caywood Oil, LLC	$642.52
4518	12/30/2016	BILLPMT	City Of Duluth, Minnesota	$700.00
4519	12/30/2016	BILLPMT	Compudyne, Inc.	$639.00
4520	12/30/2016	BILLPMT	Cummins NPower	$277.46
4521	12/30/2016	BILLPMT	Dalco	$582.93
4522	12/30/2016	BILLPMT	Dash Express, LLC	$70.00
4523	12/30/2016	BILLPMT	Engelmeier, Roger	$119.99
4524	12/30/2016	BILLPMT	Essentia Health	$976.00
4525	12/30/2016	BILLPMT	Fichtner, Wayne	$75.99
4526	12/30/2016	BILLPMT	Grainger	$87.16
4527	12/30/2016	BILLPMT	Guardian Pest Control	$44.10
4528	12/30/2016	BILLPMT	Hermantown Hydraulics, LLC	$568.23
4529	12/30/2016	BILLPMT	iFIDS.com Inc.	$5,392.84
4530	12/30/2016	BILLPMT	Jamar Company	$11,276.86
4531	12/30/2016	BILLPMT	Lipe Brothers Construction	$346.00
4532	12/30/2016	BILLPMT	MacQueen Equipment, Inc.	$1,837.62
4533	12/30/2016	RFND	Marino, Mark	$937.59
4534	12/30/2016	BILLPMT	Menards	$90.71
4535	12/30/2016	BILLPMT	Menards	$573.35
4536	12/30/2016	BILLPMT	MN Dept of Labor and Industry	$700.00
4537	12/30/2016	BILLPMT	Mulcahy Co.	$180.17
4538	12/30/2016	BILLPMT	NAPA Auto Parts	$567.09
4539	12/30/2016	BILLPMT	Northern Engine & Supply	$115.88
4540	12/30/2016	BILLPMT	Pace Analytical Services, Inc	$109.50
4541	12/30/2016	BILLPMT	Praxair Distribution Inc.	$870.20
4542	12/30/2016	BILLPMT	Sam's Club	$45.00
4543	12/30/2016	BILLPMT	Swanson, Richard	$1,414.00
4544	12/30/2016	BILLPMT	Taylor, Dan	$109.99
4545	12/30/2016	BILLPMT	TDS Metrocom	$1,467.62
4546	12/30/2016	BILLPMT	Turbo Diesel & Electric	$890.96
4547	12/30/2016	CHK	WF Bus Payment Processing - Joelle	$815.31
4548	12/30/2016	BILLPMT	WF Bus Payment Processing - Tom	$1,511.90
4549	12/30/2016	BILLPMT	Ziegler, Inc.	$733.05
Total				**$58,042.97**

Approvals:

Airport Director

Airport Authority

City Treasurer

CD 26 -- 2016

CORRESPONDENCE

DULUTH INTERNATIONAL AIRPORT

Travel Globally. Fly Locally.

December 6, 2016

Jim Keefer, Manager
Chicago Airports District Office
Federal Aviation Administration
Office of Airports
Great Lakes Region
2300 E. Devon Ave
Des Plaines, IL 60018

Dear Mr. Keefer,

The Appleton International Airport (ATW) in partnership with the Fox Valley Technical College (FVTC) has developed a business plan to construct and operate a regional Aircraft Rescue and Fire-Fighting (ARFF) training center within the Great Lakes Region. The facility will be constructed on ATW airport property, adjacent to the current FVTC Public Safety Training Center (PSTC) and will include applicable components to meet FAA ARFF training requirements.

A regional ARFF training facility is needed in the Great Lakes Region to fill the void left when Lake Superior College, Duluth, MN discontinued a robust offering of ARFF related training in 2015. While Lake Superior College will continue to offer much less frequent ARFF training, I don't see the ATW initiative as being in direct competition. Aircraft emergencies pose a significant risk for mass casualty events; therefore, training of first responders is of utmost importance. This new training facility will provide the required FAA training for commercial and general aviation airports in the Great Lakes Region and throughout the nation.

Given the requirements to have properly trained and equipped personnel on duty at Duluth International Airport, I support ATW and FVTC's efforts to construct a training center in our region. The point of contact for this letter is the undersigned at twerner@duluthairport.com .

Sincerely,

Tom Werner, C.M.
Executive Director
Duluth Airport Authority

IV B

ATW
Air Transport World

print | close

SkyWest transitions from 50-seat aircraft with Bombardier agreement

Mark Nensel
Tue, 2016-12-13 17:57

Utah-basedSkyWest Inc., parent of regional carriers SkyWest Airlines and ExpressJet Airlines, announced Dec. 13 the company has entered into a termination agreement with Bombardier covering the Canadian manufacturer's residual value guarantee (RVG) agreements on 76 CRJ200 aircraft owned by SkyWest Airlines and American Airlines.

Bombardier will pay SkyWest $90 million by January 2017 in exchange for the release.

"Both the required sale of each aircraft and the cost to SkyWest of returning the aircraft to mid-time condition were points of risk and uncertainty for SkyWest that this termination agreement eliminates," SkyWest said in a statement.

Additionally, SkyWest announced it will remove its Bombardier CRJ200 aircraft from ExpressJet service over the next year, as the company transitions from 50-seat aircraft to primarily dual-class aircraft. ExpressJet and American Airlines have agreed to place 12 dual-class CRJ700s into service under a multi-year term, reversing a previously announced early lease return arrangement for the aircraft, the announcement said.

In total, SkyWest has 157 CRJ200s in its fleet, 52 of which are flown under ExpressJet Airlines for partners United Airlines, Delta Air Lines and American Airlines.

The announcement comes as major US airlines are seeking to upgrade regional service from 50-seat to 70- and 76-seat aircraft.

SkyWest said the company is evaluating its total 50-seat CRJ200 fleet and related long-lived assets for impairment in the 2016 fourth quarter, anticipating a pre-tax impairment charge in the $440 million—$490 million range for the quarter.

"Streamlining our fleet and taking early settlement of Bombardier's RVG obligations reduce both our overall risk profile and the future investment that would have been required in the CRJ200 fleet," SkyWest president and CEO Chip Childs said. "These moves strategically position us to continue to deploy our capital against our best investment opportunities and are expected to help improve future liquidity and fleet flexibility."

Bombardier Commercial Aircraft president Fred Cromer said, "Being able to extinguish these future liabilities at asignificant discount highlights the positive utility of the aircraft as well as Bombardier's

strong liquidity position, our proactive cash management approach and better positions us to achieve our goal of breakeven free cash flow by 2018."

Mark Nensel mark.nensel@penton.com

Source URL: http://atwonline.com/airframes/skywest-transitions-50-seat-aircraft-bombardier-agreement

From: William Swelbar [mailto:william.swelbar@intervistas.com]
Sent: Monday, December 19, 2016 3:48 PM

U.S. Transportation Acting Assistant Secretary Rosenberg Announces Membership of Working Group on Improving Air Service to Small Communities

WASHINGTON – U.S. Department of Transportation Acting Assistant Secretary for Aviation and International Affairs Jenny T. Rosenberg today announced the members of the new Working Group on Improving Air Service to Small Communities (Working Group). The Working Group will consist of 25 stakeholders involved in air transportation to small communities. The group will advise Congress on current and emerging priorities, issues, and funding needs related to providing air service to small communities.

The Working Group was created in accordance with Section 2303 of the FAA Extension, Safety, and Security Act of 2016 (Reauthorization Bill), P.L. 114-190. The Reauthorization Bill established the Working Group and directs the Secretary of Transportation to issue a report to Congress by July 2017. The inaugural meeting of the Working Group is expected to be held next month [January 25, 2017 – the day before the RASA Organizational Meeting in MSP].

The Regional Air Service Alliance members of the Working Group are [full list is attached]:

- Mr. **Timothy Bradshaw**, Roanoke-Blacksburg Regional Airport, Roanoke, Virginia
- Ms. **Sheri Taylor**, Air Service Development Program Manager at Wyoming Department of Transportation Aeronautics Division
- Mr. **William S. "Bill" Swelbar**, Executive Vice President, Inter*VISTAS* Consulting

Wishing all of you a wonderful holiday.

William S. "Bill" Swelbar
Executive Vice President
Inter*VISTAS* Consulting LLC

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1150 Connecticut Avenue, NW | Suite 601 | Washington, DC | USA 20036

InterVISTAS
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WORKING GROUP ON IMPROVING AIR SERVICE TO SMALL COMMUNITIES

Representative Member List

Mr. **Joshua Abramson**, Airport Director, Easterwood Airport, College Station, Texas

Mr. **Andrew Bonney**, Senior Vice President of Planning, Cape Air

Mr. **Timothy Bradshaw**, Roanoke-Blacksburg Regional Airport, Roanoke, Virginia

Mr. **Rob Burke**, Manager, Air Carrier Training Systems & Voluntary Safety Programs Branch, Federal Aviation Administration

Mr. **Bryan Dietz**, Vice President, Air Service Development at Allegheny County Airport Authority

Mr. **Jack Dokken**, Program Manager**,** South Dakota Department of Transportation, Office of Aeronautics

Mr. **Toby Fauver**, Deputy Secretary for Multimodal Transportation, Pennsylvania Dept. of Transportation

Mr. **Barry Griffith**, Manager/Airport Director, Northwest Alabama Regional Airport, Muscle Shoals, Alabama

Ms. **Laurie Gill**, Mayor of Pierre, South Dakota

Mr. **Doug Kimmel**, Airport Director, Veterans Airport of Southern Illinois, Marion, Illinois

Mr. **Brian Kinsey**, Assistant Director, Marketing and Business Development, St. Louis-Lambert International Airport, St. Louis, Missouri

Mr. **Paul Lindseth**, Dean of John D. Odegard School of Aerospace Sciences**,** University of North Dakota

Mr. **Stan Little**, Chairman and CEO, Southern Airways Express

Ms. **Faye Malarkey Black**, President, Regional Airline Association (RAA)

Mr. **Richard B. McQueen**, President & CEO, Akron/Canton Regional Airport, Ohio

Mr. **Russell W. Mills**, Research Fellow, Center for Regional Development, Associate Professor Political Science, Bowling Green State University

Mr. **Mike Mooney**, Air Service Consultant, Sixel Consulting

Mr. **Stephen Morrissey**, Vice President. Regulatory and Policy Affairs, United Airlines

WORKING GROUP ON IMPROVING AIR SERVICE TO SMALL COMMUNITIES

Representative Member List

Mr. **Patrick Murphy**, former Deputy Assistant Secretary of Aviation and International Affairs, United States Department of Transportation

Mr. **Brian Sowa**, Executive Director, Rural Air Service Alliance, Inc.

Mr. **Brian Sprenger**, Airport Director, Bozeman Yellowstone International Airport, Montana

Mr. **William S. "Bill" Swelbar**, Executive Vice President, Inter*VISTAS* Consulting

Ms. **Sheri Taylor**, Air Service Development Program Manager at Wyoming Department of Transportation Aeronautics Division

Mr. **Mike Thompson**, COO, SkyWest Airlines

Mr. **Michael Tooley**, Director, Montana Department of Transportation

Minnesotans flock to Thunder Bay to fly overseas

By John Myers on Dec 26, 2016 at 10:12 p.m.

Ed Schmidtke started noticing more Minnesota license plates early this past summer, and the Yanks just kept coming. Schmidtke, who runs the Thunder Bay, Ontario, airport, said there's been a noticeable rush of Minnesotans driving north this year to save money on airline flights to Europe and other international destinations.

The airlines won't share actual passenger data with Schmidtke, but he said his staff counted 50 percent more U.S. license plates in the airport parking lot in 2016 compared to 2015, helping push the airport to its busiest summer ever. He expects the trend to continue this winter as Northlanders begin to book trips to warm weather destinations. "The big draw over the summer was Europe, because Air Canada really does Europe well," Schmidtke said. "People were saving $400 or $500 per ticket by driving here and flying to Europe through Toronto rather than driving to Minneapolis and flying out of there." Schmidtke said he's also compared winter vacation package deals to places like Cancun and Punta Cana, Mexico, "and found the same $400 and $500 difference."

But is it worth the extra hour drive from Duluth to Thunder Bay rather than driving to Minneapolis? That depends on how much money "worth it" is for you.

A News Tribune online search on Friday found the price difference has narrowed since summer months but that tickets to several international destinations still are cheaper from Thunder Bay than from Minneapolis or Duluth. Air Canada to Paris was $150 less round trip from Thunder Bay than Delta from Minneapolis for a round-trip ticket leaving Jan. 11 and returning Jan. 25. Thunder Bay to London was $265 cheaper for the same dates, and Thunder Bay to Tokyo was more than $300 cheaper than Minneapolis to Tokyo.

A weeklong airfare and hotel package trip to Cancun was more than $400 less through sunwing.ca from Thunder Bay than at suncountry.com from Minneapolis, according to a News Tribune search. It should be noted that online ticket prices change often, even within a 24-hour period.

Heidi Willeck of Cloquet traveled to Ireland in June for a wedding and said she and her boyfriend saved about $300 per ticket compared to flying out of Minneapolis or Duluth. The trip — from Thunder Bay to Toronto to London to Dublin — had an extra stop, but was well worth the drive north. "We actually had a big group go over, about 20 of us, and we all went out of Thunder Bay," she said. "We have a friend who lives up there, so that helped save a little more (parking) money. But the (airfare) savings was pretty substantial."

Part of the phenomenon can be explained by competition in the Thunder Bay market. Three airlines — Air Canada, Westjet and Porter Airlines — now combine for 16 flights daily to Toronto, a busy international hub airport with direct flights to many overseas cities, said Schmidtke, CEO of the Thunder Bay Airport Authority. Added capacity in a market, more seats on more planes, often results in cheaper fares, he noted.

Add in a strong U.S. dollar — worth about $1.35 in Canada as of Monday — and the price differential continues to widen. Moreover, travelers heading overseas already have the passport necessary to drive back and forth across the border to Canada. "Most of the (U.S. traffic) is from Minnesota. But our favorite story is a Wisconsin family from Eau Claire," Schmidtke said. "Four of them were going to Spain for a wedding, and they found it considerably less expensive to fly out of Thunder Bay than Chicago, which is about the same distance from Eau Claire."

Some U.S. passengers without friends in Thunder Bay are leaving their vehicles at the airport parking lot during their trips or opting to spend a night at a Thunder Bay hotel and taking hotel shuttles to the airport. "We saw a noticeable trend of U.S. guests parking here, staying the night and doing our park-and-fly option," said Laurie Hoskins, director of marketing at Thunder Bay's Valhalla Inn. "We had a very busy summer in general, and I think that was a good part of it. We obviously don't ask people where they are going. But it was mostly Europe, from what people did tell us."

Natalie Peterson, spokeswoman for the Duluth Airport Authority, said her agency has not seen any data that shows Northlanders flying out of Thunder Bay at any major level. Most Duluth-area passengers who don't fly out of Duluth fly out of Minneapolis-St. Paul, she said. Many Northlanders remain loyal to Delta, which acquired Minnesota-based Northwest Airlines a decade ago, she noted, and Delta doesn't fly out of Thunder Bay. "Our data shows that, if we have leakage, it's to MSP. We just aren't seeing anything with Thunder Bay," she said. "Most people just aren't going to drive four hours into Canada to fly." Peterson noted that, over the long term, international flights booked out of Duluth are often as cheap or even cheaper than flying out of other airports.

Duluth travel agents interviewed say they haven't used Thunder Bay much when booking their customers' overseas flights, saying they try to search for the least expensive fares out of Duluth — if their clients are flexible in what days they can travel.

Jennifer Maki at Duluth's Divine Destinations said she has sent some travelers through Toronto on their way to popular destinations at peak seasons, when comparable U.S. routes are full. "It's an interesting concept and when it works, it works well. But to be honest, it's not always the best choice," Maki said of the Canadian option. "We are lucky to have two great carriers here in Duluth, United and Delta, who can get us to anywhere in the world as it is. I've found that most people don't even know how affordable flying from Duluth can be. ... A few weeks ago I found tickets to Mexico 50 cents more out of Duluth than Minneapolis. It pays to look."

Maki also cautioned international travelers about online, cut-rate fares that are not refundable or exchangeable if weather while driving to a faraway airport forces travelers to miss a flight. Travel agents

often can help solve that problem with tickets they book, she notes, by changing itineraries even at the last minute.

Some Northland travelers are saving money by driving to Thunder Bay to start their overseas flights. Here are some comparisons made by a News Tribune search on Friday.

Destination: Paris, Jan. 11-25

- Leave from Thunder Bay, Air Canada $640
- Leave from Minneapolis $790
- Leave from Duluth, Delta: $1,371
- Leave form Duluth, United: $1,449

Destination: London, Jan. 11-25

- Leave form Thunder Bay, Air Canada: $613
- Leave from Minneapolis, Delta: $878
- Leave form Duluth, Delta: $1,371
- Leave form Duluth, United: $1,475

Destination: Tokyo, Jan. 11-25

- Leave from Thunder Bay, Air Canada: $722
- Leave from Minneapolis, Delta: $1,444
- Leave from Duluth, Delta: $1,048
- Leave form Duluth, United: $1,048

Destination: Cancun, Mexico, Jan. 11-18

- Airfare and hotel package
- Leave form Thunder Bay, sunwing.ca: $702
- Leave from Minneapolis, suncountry.com: $1,177.90

All flights round trip, per person, cheapest fare available, includes taxes and fees, U.S. funds.

Your Turn: St. Cloud should invest in Allegiant Airlines

Ryan Mont, Wellington, Florida Published 7:30 a.m. CT Jan. 10, 2017 | **Updated 21 minutes ago**

(Photo: Times photo)

St Cloud Regional Airport is a wonderful facility and a valuable asset to the greater St Cloud community. As the area continues to grow, air service is a vital and important detail. I know St Cloud has struggled to keep or even land air service, but some of it is the timing of the airline (recession) and airlines allowing St Cloud the time to succeed and grow flights!

We saw when Delta pulled out in 2009, the economy was at an all-time low and airlines were cutting routes and fleets everywhere. The first thing the airlines did was pull the plug on smaller aircraft, like the Saab 340. The same style aircraft (Saab 340) used to fly out of STC. Then United came into the market in 2014 and just as the airline started to gain momentum and increase in the number of passengers using the service (which takes time in new markets — STC only had 10 months), it pulled out as well.

The one positive thing over the last few years has been Allegiant.

In 2012, Allegiant Airlines announced new service into St Cloud with the connection to Phoenix Mesa Airport. The airline has done well in the St Cloud market and has gone from two flights a week to four flights a week beginning in January 2017. Allegiant Airlines is a perfect fit for the St Cloud community, because the airline is known for connecting smaller markets to vacation destinations. St Cloud is a smaller market and has a lot of people who vacation or have a second home in the Phoenix area. It is definitely a nice flight to have in the dead of winter when people want to escape the cold and head to a warmer climate like the "Valley of the Sun" Phoenix. The one other positive about having the flight to Phoenix is that you don't have to drive to Minneapolis-St Paul Intl Airport and avoid the headaches of traffic, parking and the security lines, because St Cloud Regional Airport has free parking and easy security lines.

With the Allegiant flights to Phoenix being full on a regular basis, it might be time for St Cloud and Allegiant to consider other markets as well. Sun Country flies charter flights to Laughlin, Nevada almost every month. Laughlin sits 50-60 miles south of Las Vegas. Las Vegas is one of Allegiant Airlines' biggest hubs. It sure would be nice and it sure does make sense for Allegiant to consider a Las Vegas flight, because the Laughlin flight sells out almost every time. Having a flight two times a week to Las Vegas would most likely sell out as well. Plus, with a new NHL team in Las Vegas, it might draw even more Central Minnesotans to Sin City.

Orlando is another good market for both the airline and airport to consider. We had flights to Orlando/Sanford Airport in 2013-14. It might be a good market for families to fly to for theme parks or people looking to take a vacation to Central Florida. Allegiant also has hubs in St.Petersburg and Ft. Lauderdale Florida, too. Those two landing spots are amazing places for people to vacation, for snowbirds heading south in the winter, and St Cloud State students looking for a spring break location.

As much as I would love to see a commercial airline return to St Cloud and offer daily service again, it might be beneficial or more important for STC to work with Allegiant and grow the airline and market here in Central Minnesota. With all the possible destinations and the beautiful airport we have in St Cloud, it is important for our city officials and residents of the St Cloud Community to use and keep up our beautiful facility. By adding more flights and more destinations through Allegiant, we could see a great partnership between the St. Cloud Area and the airline.

This is an opinion of St Cloud State Alumnus Ryan Mont, Wellington, Florida. He can be reached at 262-893-5724 or rmont93@yahoo.com (mailto:rmont93@yahoo.com).

Read or Share this story: http://www.sctimes.com/story/opinion/2017/01/10/your-turn-st-cloud-should-invest-allegiant-airlines/96371172/

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MONACO AIR
DULUTH

RECEIVED
DEC 19 2016

Mr. Tom Werner
Executive Director, Duluth Airport Authority
Duluth International Airport
4701 Grinden Drive
Duluth, MN 55811

December 13, 2016

Dear Tom,

This letter serves as written notice, in accordance with Section 5 - TERM of the Operator Agreement between Monaco Air Duluth, LLC ("Monaco Air") and the Duluth Airport Authority ("DAA"), that as of December 10, 2016, Monaco Air has paid over $3,500,000 for capital improvements to its facilities since our last request for a five (5) year term extension, as documented in the attached spreadsheet.

Therefore, Monaco Air respectfully requests that the DAA draft Amendment #11 to Monaco Air's Operator Agreement extending the term for an additional thirty-five (35) years, thereby resulting in a total term of seventy (70) years commencing on November 1, 2005.

Thank you in advance for your prompt consideration of this request.

Respectfully,

Don Monaco

Donald P. Monaco
Owner

Attachment

Phone: 218.727.2911 • Fax: 218.727.6937
4535 Airport Approach Road • Duluth, Minnesota 55811
www.monacoairduluth.com

Monaco Air Capital Expenditures

Invoice Date	Vendor	Item	Amount	Commitment	1st Request	2nd Request	3rd Request	4th Request
EQUIPMENT - OUTSIDE			**$1,480,873.66**	**$1,027,356.97**				
1/5/2006	Northstar Ford	2005 Trailblazer (Courtesy Vehicle)	$21,448.45	$21,448.45				
1/6/2006	Mike Motors	2006 White Chevy Truck w/plow	$30,902.94	$30,902.94				
1/10/2006	FMC Technologies	FMC Deice Truck	$311,229.70	$311,229.70				
1/13/2006	Tug Technologies	GPU	$45,973.00	$45,973.00				
1/13/2006	Tug Technologies	Aircraft Tug	$39,044.00	$39,044.00				
1/13/2006	Tug Technologies	Belt Loader	$33,086.00	$33,086.00				
1/13/2006	Tool Crib	Honda Snow blower	$2,096.19	$2,096.19				
2/2/2006	Par-Kan	Water Cart	$7,874.00	$7,874.00				
2/2/2006	Par-Kan	Lav Cart	$7,848.00	$7,848.00				
2/7/2006	Northstar Ford	2005 GMC Shuttle Bus	$47,579.69	$47,579.69				
2/22/2006	AGE Corp	Hobert GPU	$7,435.00	$7,435.00				
6/19/2006	Eastern Aviation Fuels	5000 Gal Jet A Fuel Truck	$200,945.00	$200,945.00				
6/19/2006	Eastern Aviation Fuels	5000 Gal Jet A Fuel Truck	$200,945.00	$200,945.00				
6/19/2006	Eastern Aviation Fuels	1000 Gal AvGas Truck	$70,950.00	$70,950.00				
9/25/2006	AeroTech	Herman Nelson Preheater	$9,991.21					
4/24/2007	Mike Magni	1992 Suburban	$3,000.00					
6/30/2007	Clubcar	Cart	$14,704.46					
9/28/2007	Eagle	Tug	$38,432.00					
10/2/2007	Plastic Mart, oday	Glycol Tank #1	$5,808.32					
10/18/2007	GSS	1400 Gal Decer	$153,662.75					
9/2/2008	Iron Trail Motors	2008 Grey Chevy Truck w/plow	$30,146.65					
12/2/2008	Toyota-Lift of MN	Forklift	$57,242.68					
9/14/2009	Gehl	Skidsteer	$21,000.00					
5/7/2010	(Republic Bank)	Green Cart	$3,000.00					
8/10/2010	Deep South Truck Sales	2002 Diesel/Unleaded Truck	$31,284.00					
2/5/2011	Houston International Aircraft Suppc	Lav Cart	$7,563.00					
3/16/2011	Spencer Manufacturing	Pre-conditioned Aircart	$34,195.00					
4/14/2011	GMC	Yukon - Line Truck	$8,500.00					
5/11/2011	Delta Airlines	Glycol Tank #2 and Pump System	$1,200.00					
7/12/2011	Northstar Ford	Escape - Courtesy Vehicle	$17,973.78					
9/1/2011	Crysteel	Skidsteer Plow	$2,544.22					
10/27/2011	Wasp	Airstairs	$13,268.62					

Invoice Date	Vendor	Item	Amount	Commitment	1st Request	2nd Request	3rd Request	4th Request
EQUIPMENT - INSIDE			**$168,934.96**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
4/1/2006	Compudye	New Computer System	$82,553.50					
4/25/2006	Multimedia Systems	37" HD Plasma Display	$2,167.00					
5/6/2006	Burgher Office Equipment	Building/Office Furniture	$55,748.00					
5/25/2006	BRG Precision Products	World Time Clock	$2,207.92					
5/31/2006	Multi-Media Interactive	Set Up Wireless Internet Guests	$1,784.50					
8/3/2006	Northwoods Business	New Phone System	$5,132.75					
11/18/2009	Duluth Type Business & Furniture	Back Office Copier	$5,927.73					
6/9/2011	Best Buy	Lobby - LCD TV / Stand	$1,012.69					
6/20/2011	Best Buy	Pilot's Lounge - LCD TV	$2,567.40					
10/20/2011	Duluth Type Business & Furniture	Downstairs Copier	$2,658.04					
1/7/2013	Officemax	Furniture - New Terminal Office	$1,091.64					
1/15/2013	Best Buy	Lobby - LCD TV	$701.18					
2/12/2013	Fleetmate	GSE Management Software	$2,710.79					
7/26/2013	Sams Club	Folding Chairs	$706.82					
7/16/2013	TFBO	System Updates	$1,965.00					
Winter '12	Citon	Replace Computer Hard/Software	?					
Summer '14		Security Camera System	?					
FACILITIES			**$4,885,700.22**	**$0.00**	**$501,453.26**	**$592,492.13**	**$3,791,754.83**	**$0.00**
3/28/2006	Lakehead Sign	New Signs for building	$21,709.17		$21,709.17			
6/1/2006	Eastern Aviation Fuels	Self-Serve Fuel Tank	$35,000.00		$35,000.00			
6/1/2006	O'Day	Self-Serve Island	$17,000.00		$17,000.00			
6/14/2006	Kraus-Anderson & DSGW	Monaco Air Renovations	$426,094.09		$426,094.09			
10/17/2006	St. Louis County Public Works	Road Signs	$1,650.00		$1,650.00			
7/18/2007	LMS	A/C Maint Shop & Office Lighting	$5,125.39			$5,125.39		
10/11/2007	Lakehead Trucking	Parking Lot Repairs T-Hangars	$28,124.45			$28,124.45		
12/28/2007	LMS	FBO / Hangar Ramp Lighting	$1,177.25			$1,177.25		
2/22/2008	Jim Kampa	FBO Hangar Parts Department	$4,255.00			$4,255.00		
9/9/2008	Jim Kampa, Electric Sys of Duluth	Line Shack Renovation	$10,795.00			$10,795.00		
9/24/2008	JMF Contractors	Hangar Apron #6	$21,433.00			$21,433.00		
11/5/2008	JMF Contractors	West Hangar Apron	$9,502.90			$9,502.90		
11/13/2008	Cards Building	Equipment Hangar Door	$12,358.00			$12,358.00		
11/14/2008	AW Kuettle, AG O'Brian, Electric	Garage Furnaces	$13,786.65			$13,786.65		
12/30/2008	Quality Garage Door	New door for main shop	$3,545.93			$3,545.93		
8/31/2009	Electric Systems of Duluth	Lights Fuel farm/Equip hangar	$580.00			$580.00		
10/8/2009	Menards	New man doors 6 & 7	$319.06			$319.06		
11/12/2009	Burke Inc	ATM	$2,000.00			$2,000.00		
1/20/2010	Electric Systems of Duluth	Electrical upgrades hanger 4	$877.60			$877.60		
9/30/2010	A. W. Kuettel	Hangar #4 - Natural Gas	$5,683.00			$5,683.00		
1/6/2011	Eastern Aviation Fuels	Fuel Farm New Meter System	$33,708.62			$33,708.62		
7/12/2011	Overhead Door Co.	Hangar #4 - Door Improvements	$3,400.00			$3,400.00		
8/4/2011	Electric Systems of Duluth	Fuel Farm Redesign Electrical	$3,222.67			$3,222.67		
8/24/2011	ZOLL	AED	$1,739.00			$1,739.00		
10/1/2011	KTM Paving / Salo Engineering	Parking Lot Redevelopment	$196,260.87			$196,260.87		

Invoice Date	Vendor	Item	Amount	Commitment	1st Request	2nd Request	3rd Request	4th Request
10/31/2011	Hanson's Pet.	Fuel Farm Redesign	$3,289.62			$3,289.62		
11/1/2011	A. W. Kuettel	FBO Gutters	$7,700.00			$7,700.00		
10/29/2012	DAA	Alert Hangar Purchase (13/14)	$200,000.00			$200,000.00		
12/26/2012	Goodin	New Furnace Hangar 4	$3,572.93			$3,572.93		
4/25/2012	Hansens Pet.	Fuel Farm - Piping Upgrade	$1,162.70			$1,162.70		
9/12/2013	Syn-Tech	Self Serve - Card Encoder	$437.00			$437.00		
2/20/2013	Electric Systems of Duluth	Install 60 amp Rec. - Alert Hangar	$425.76			$425.76		
7/23/2013	Overhead Door Co.	Hangar Door Rehab	$1,091.00			$1,091.00		
7/31/2013	AW Kuettel	Install Gas Line Hangar 4	$1,279.00			$1,279.00		
6/6/2013	Viant	Install Diesel Tank South Ramp	$490.00			$490.00		
7/9/2013	Schemmers	Carpeting Update	$774.73			$774.73		
8/28/2013	Swanson & Youngdale	Fuel Farm Upgrade - Tanks	$14,375.00			$14,375.00		
7/26/2013	Goodin, AW Kuettel, Electric Syster	Hangar #4 new Furnace	$5,025.33				$5,025.33	
7/18/2013	KTM Paving	Parking Lot upgrades	$1,939.00				$1,939.00	
5/15/2014	Westmor/Hansens Petroleum Serv.	Fuel Farm Avfuel Upgrade	$16,624.67				$16,624.67	
5/25/2014	Lipe Brothers	Alert Hangar (13/14) door upgrades	$3,396.73				$3,396.73	
6/23/2015	DAA	Alert Hangar Purchase (11/12)	$236,800.00				$236,800.00	
3/2/2016	Electrical Systems	FBO/GAF Card Reader Wiring	$1,220.00				$1,220.00	
3/2/2016	Electrical Systems	FBO/GAF Camera Wiring	$1,780.00				$1,780.00	
8/25/2016	123securityproducts	FBO/GAF Security Cameras	$3,930.43				$3,930.43	
5/18/2016	Midpoint Systems	FBO/GAF Card Reader System	$4,766.00				$4,766.00	
3/30/2016	Midpoint Systems	FBO/GAF Card Reader System	$471.45				$471.45	
1/15/2016	B & H Photo	FBO/GAF Security Cameras	$906.69				$906.69	
4/14/2015	TKDA	FBO/GAF Engineering Site Survey	$900.00				$900.00	
10/15/2015	RS&H	Buidling Design Shadow Study	$2,970.00				$2,970.00	
1/20/2016	Lake Head Sign	FBO/GAF FBO Exterior Signage	$23,910.00				$23,910.00	
10/21/2016	Faro Imaging	FBO/GAF GAF Exterior Signage	$1,795.00				$1,795.00	
12/10/2016	DSGW (ARCH.)	FBO/GAF FBO Design	$142,506.87				$142,506.87	
12/10/2016	DSGW (ARCH.)	FBO/GAF GAF Design	$23,024.74				$23,024.74	
12/10/2016	Johnson-Wilson (GC)	FBO/GAF FBO Construction	$2,956,344.00				$2,956,344.00	
12/10/2016	Johnson-Wilson (GC)	FBO/GAF GAF Construction	$363,443.92				$363,443.92	
TOTAL EQUIPMENT (OUTSIDE AND INSIDE)			$1,649,808.62	$1,027,356.97				
TOTAL FACILITES			$4,885,700.22	$0.00	$501,453.26	$592,492.13	$3,791,754.83	$0.00
FACILITIES CARRIED OVER						$1,453.26	$93,945.39	$385,700.22
FACILITIES CARRY OVER					-$1,453.26	-$93,945.39	-$385,700.22	
TOTAL CAPITAL INVESTMENT			**$6,535,508.84**	**$1,027,356.97**	**$500,000.00**	**$500,000.00**	**$3,500,000.00**	**$385,700.22**

Invoice Date	Vendor	Item	Amount	Commitment	1st Request	2nd Request	3rd Request	4th Request
CAPITAL INVESTMENTS / TERM EXTENSIONS								
INITIAL OBLIGATION		**EQUIPMENT ONLY**	$500,000.00					
TOTAL EQUIPMENT BALANCE			**$1,149,808.62**					
FIRST EXTENSION (5 YEAR)		**FACILITES ONLY**	$500,000.00					
TOTAL FACILITIES BALANCE			**$4,385,700.22**					
SECOND EXTENSION (5 YEAR)		**FACILITES ONLY**	$500,000.00					
TOTAL FACILITIES BALANCE			**$3,885,700.22**					
THIRD EXTENSION (35 YEAR)		**FACILITES ONLY**	$3,500,000.00					
TOTAL FACILITIES BALANCE			**$385,700.22**					

IID

CITY OF DULUTH
CHIEF ADMINISTRATIVE OFFICER
411 West First Street, Room 402
Duluth, Minnesota 55802
218/730-5370
FAX 218/730-5904

David Montgomery
Chief Administrative Officer
dmontgomery@DuluthMN.gov

December 29, 2016

Mr. Jacob Martin, Program Manager
Dakota-Minnesota Airports District Office
FAA Minneapolis Office
6020 28th Ave. S.
Suite 102
Minneapolis, MN 55450

Re: Grant Assurances Release under AIP project number 27-0024-11-91, Lake Superior College

Dear Mr. Martin:

We understand that Lake Superior College ("LSC") has been operating an Airport Rescue and Firefighting ("ARFF") training facility on property they acquired in 1991 with financial support from the federal government. We also understand LSC is discontinuing the ARFF program and is requesting to be released from the program grant assurances. As part of that request, LSC is requesting the City of Duluth, as grant sponsor, provide assurances to the FAA that the repaid grant assurance funds will be used for future airport improvement projects at the Duluth International Airport ("DAA").

The City of Duluth is in full support of LSC for the repurposing of their current training facility in Duluth. As the grant sponsor, the City of Duluth is representing and assuring the FAA that the repaid grant funds from LSC will be transferred to the DAA and used in accordance with FAA Order 5190.6B, paragraph 22.17 and Order 5100.38D on an AIP eligible project. We understand that the funds to be received from LSC and transferred to DAA will be either $144,000 or 90% of the revised real estate appraisal amount.

Please let me know if you have any questions or require additional information.

Sincerely,

David W. Montgomery
Chief Administrative Officer
City of Duluth

Cc:
Alan Finlayson, Vice President of Administration
Lake Superior College

Tom Werner, Executive Director
Duluth International Airport

Mayor Emily Larson
City of Duluth

JAN - 3 2017

Mary Ann Wittkop

From:	Don Monaco <donm@monacoairduluth.com>
Sent:	Monday, January 2, 2017 2:01 PM
To:	Tom Werner; Pat Mullen (MP)
Cc:	Dale Klapmeier (DKlapmeier@cirrusaircraft.com); Dave Gaddie (dgaddie@bankrepublic.com); Greg Fox (gregandsheilafox@hotmail.com); Michael A. Magni; Richard Stewart (RStewart@uwsuper.edu); Steve Overom; Mary Ann Wittkop
Subject:	December, 2016 Monaco Air Foundation Report

Tom and Pat,

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

Summary of December, 2016 Activities

Duluth International Airport Terminal Entrance Revitalization Project: The remaining $35,422.78 balance will be disbursed upon request, less a 5% administrative fee.

Duluth Flying Club Scholarship Fund: The Foundation has issued two scholarships of $554.38 each since the Fund was established last year. The current balance in the Scholarship Fund is $1,141.24.

High School Aviation Day Program: Aaron Salmela, the Duluth School District's Science Curriculum director, has agreed to have the students enrolled in the new aviation-based physics classes at both Duluth High Schools participate in this program. Discussions are underway to finalize the dates for these visits. We also met with Marshall School and they expressed a strong interest in participating in this program.

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

Respectfully submitted,

Don Monaco
President
Monaco Air Foundation, Inc.
4535 Airport Approach Road
Duluth, MN 55811
Phone: 218-727-2911
Mobile: 630-728-5571
Fax: 218-336-0001
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STATE OF MINNESOTA
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1-800-627-3529 (Relay Service)

REBECCA OTTO
STATE AUDITOR

January 6, 2017

Mr. Thomas Werner, Executive Director
Duluth Airport Authority
Duluth International Airport
4701 Grinden Drive
Duluth, Minnesota 55811

Board of Directors
Finance Director
Duluth Airport Authority

We are pleased to confirm our understanding of the services we are to provide pursuant to Minnesota Laws for the Duluth Airport Authority, a component unit of the City of Duluth, Minnesota, for the year ended December 31, 2016. We will audit the component financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the Duluth Airport Authority as of and for the year ended December 31, 2016. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Duluth Airport Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Duluth Airport Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

- Management's discussion and analysis
- GASB-required supplementary other post-employment benefits and pension information and related notes

We have also been engaged to report on supplementary information other than RSI that accompanies the Duluth Airport Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

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- Statement of operating revenues
- Schedule of expenditures of federal awards and related notes
- Schedule of passenger facility charges collected and expended

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards.*

- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (a) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance and (b) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of the Uniform Guidance; and the legal provisions of the *Minnesota Legal Compliance Audit Guides*, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions and to report in conformity with the provisions of the *Minnesota Legal Compliance Audit Guides*. We will issue written reports upon completion of our single audit. Our reports will be addressed to the governing body of the Duluth Airport Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements or the single audit compliance opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Management Responsibilities

Management is responsible for the financial statements, notes, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. In order to meet your responsibilities for the financial statements, notes, and schedule of expenditures of federal awards, you agree to have information completed and available for audit by the dates identified in a schedule of completion document provided to auditors. If you are unable to prepare the information needed for the financial statements, notes, or schedule of expenditures of federal awards, or if the completion schedule varies significantly, we will, based on our staffing availability, provide the additional nonaudit services necessary to assist in the preparation of your draft financial statements, notes, and schedule of expenditures of federal awards in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on management's chart of accounts and other information determined and approved by management. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. Any such services will be performed in accordance with applicable professional standards. The Authority understands this will result in additional costs and agrees to pay for these services.

You will be required to acknowledge in the written management representation letter our assistance, if any, with preparation of the financial statements, notes, and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes and any other nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (a) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (b) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (c) additional information that we may request for the purpose of the audit, and (d) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written management representation letter that the effects of any uncorrected misstatements aggregated

by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings, if applicable, should be available for our review.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written management representation letter that (a) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (b) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (c) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written management representation letter that (a) you are responsible for presentation of the supplementary information in accordance with GAAP; (b) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (c) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing us with report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those financial audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior consent to reproduce or use our report in bond offering official statements or other documents.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (a) errors, (b) fraudulent financial reporting, (c) misappropriation of assets, or (d) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a single audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards.*

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Duluth Airport Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Duluth Airport Authority's major programs. The purpose of these procedures will be to express an opinion on the Duluth Airport Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Audit Administration and Other

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if appropriate, to pass-through entities. Additional copies of the reporting package may be required. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide your governing body, management, related organization representatives, and, if applicable, nonfederal grantor entities with copies of our reports. Management is responsible for all other distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of the Office of the State Auditor. We may be requested to make certain audit documentation and appropriate individuals available to a cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. If requested, access to such audit documentation will be provided under our supervision. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained, pursuant to our record retention plan, for a period of ten years after the date the auditor's report is issued. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact those contesting the audit finding for guidance prior to destroying the audit documentation. We will be available throughout the year to answer questions, provide assistance, or assist you in implementing any of our recommendations.

Our fees are based on standard hourly rates plus travel and any out-of-pocket expenses. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Progress billings will be mailed to you every four weeks. The condition of your records and the assistance you are able to provide us affects both the timeliness and cost of the audit.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract when requested by you. Our 2015 peer review report can be found on our website at www.auditor.state.mn.us.

We appreciate the opportunity to be of service to the Duluth Airport Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please contact me at (651) 282-2748 or Stephanie Erickson, who will be in charge of this audit, at (651) 297-7106. If you agree with the terms of our engagement as described in this letter, please sign where provided below and return it to us at the following address:

Office of the State Auditor
411 West First Street, Suite 206
Duluth, MN 55802-1190

Sincerely,

Dianne Syverson

Dianne Syverson, CPA, Audit Manager

Approved: This letter correctly sets forth the understanding of the Duluth Airport Authority.

Board President	Date
Executive Director	Date
Finance Director	Date

OLD BUSINESS

IX-A

Parking Management Contract

Executive Summary

Issue- The current parking Management contract is with Republic Parking. The final one year option expires on December 31, 2016. Staff has developed a RFP and solicited new proposals for a base term of five (5) years with 3 one (1) year option terms if approved by the Authority. Some modifications were made to the specifications from the existing terms to seek increased revenue for DAA. Seven companies requested copies of the RFP. Two companies, Republic and SP+ Parking, the last 2 contractors that have served DLH during the most recent contracts, attended a mandatory pre-bid conference. Only one proposal was received and that was from Republic Parking, the incumbent. As per the specifications, proposers were allowed to submit "exceptions" to the terms and/or contract language. Republic did respond with concerns on a few items and staff has been working through those and has reached a mutually agreeable position.

Background- The parking management contract in place at DLH is considered a "concession" form of contract whereby the contractor collects all revenues and pays a sliding scale revenue commission to DAA. The contractor takes all risk on expenses under this form of agreement. The percentage splits due DAA increase as the sales volume rises and represents an extremely aggressive schedule in favor of the airport from an industry perspective. Many airports with less favorable terms are converting this form of contract to a management fee approach where the airport receives all revenues and pays the contractor for costs according to an acceptable budget plus and agreed to management fee. In reviewing the alternatives prior to developing the specifications, it was decided to keep the current form because it has been financially advantageous to DLH under the current activity level.

Even though the current terms were advantageous to DAA, staff did some adjustments to the higher tiers to provide the potential to increase revenue to DAA and added a provision to the specification whereby the operator provided a fund, in this case $75,000, to the Authority to fund expenses and capital investments related to the contract. This investment is to be funded at execution of the agreement. Staff concluded that it was appropriate to be aggressive considering the loss of revenue resulting from Allegiant leaving the market.

Republic was the only proposal received and there were a few concerns that were raised and have been negotiated. They include:

1. Since the contractor bears all risk on expenses and since there is a movement in the industry by some airports to set wage rates and/or benefit programs that exceed industry norms, Republic wanted some protection in the event that took place during the term of this contract. Language was agreed to that in the event that occurred, the parties would negotiate in good faith to resolve. Since it is impossible to predict what might happen, this provision is a good faith effort on both party's parts. Agreement was reached on this provision.
2. Minimum Annual Guarantee ("MAG")- this is the minimum payment the contractor is required to pay the airport if the percentage rent is not realized to the degree expected. In the specs, the MAG was set at the 2015 revenue level, which was very aggressive since that year did include some Allegiant traffic which utilized parking. Republic was concerned that if revenue declined and they still had to take all risk on expenses, the high level would be a major risk on its ability to remain profitable. Since subsequent years MAG's get set at 90% of the previous year's, it was agreed to reduce this to 90% of the specification amount under the same principle. The first year is important because that is the ultimate floor

throughout the contract. This still represents a substantial increase over the current MAG. It should also be noted that the payments due the DAA have historically been based on the percentage rent and not the MAG. There was a concern that if revenues decreased form the current level and the operator had to pay off of the MAG, that they would lose money. Alternative language was agreed to that allows for a modification if revenues fall below $1.2M, but keeps a floor on the MAG at the current level.

3. Credit card fees- Credit card processing fees have grown to between $27,000-$30,000 annually as more customers pay with credit cards. With the $75,000 investment requirement ($15,000 amortized annually by the operator over the 5 year term) and the increase in concession revenue to DAA in the higher tiers which decreased new to the operator, the credit card fee risk was not allowing for republic to operate profitability. Republic asked for some sharing of the credit card expense. An agreement was reached to set a monthly credit of $1,100 that internally will be charged against the investment amount so that DAA net revenue is not impacted and there is still an $11,000 gain over the 5 years. In addition, this fund will provide capital to make any software/equipment changes through the term.

Recommendation- That the Authority approve the contract with Republic.

AIRPORT PARKING FACILITIES MANAGEMENT AGREEMENT FOR THE DULUTH INTERNATIONAL AIRPORT

This Airport Parking Facilities Management Agreement (hereinafter referred to as "Agreement") is made and entered into this 17th day of January 2017, by and between the Duluth Airport Authority ("Authority"), and Republic Parking System, LLC. (hereinafter referred to as "Operator").

WITNESSETH:

WHEREAS, Authority operates the Duluth International Airport, Duluth, Minnesota, having public parking facilities serving the airport terminal; and

WHEREAS, Operator is an experienced operator and manager of parking facilities for motor vehicles; and

WHEREAS, Authority and Operator desire to enter into an Agreement whereby Operator will operate and manage parking of motor vehicles at certain parking facilities serving the Duluth International Airport pursuant to the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, it is mutually agreed between the parties hereto as follows:

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

A. Agreement shall mean this Airport Parking Facilities Management Agreement.

B. Airport shall mean the Duluth International Airport located in and adjacent to the City of Duluth, County of St. Louis, State of Minnesota.

C. Airport Terminal shall mean the main terminal building at the Airport currently existing as of the date of execution of this Agreement.

D. City shall mean the City of Duluth, Minnesota.

E. Consent of Approval of Authority shall mean the consent or approval in the form of a resolution approved by Authority as provided for by law and its bylaws.

F. Consent of Executive Director shall mean a written document signed by the Executive Director.

G. Executive Director shall mean the Executive Director of the Authority or his/her designee.

H. Exit Plaza shall mean an area near exit booth(s) used as a means of egress from the parking garage and surface lots. The Exit Plaza includes but is not limited to the canopy, automated parking equipment, paystations, gate arms, and booth(s).

I. Full-time Equivalent or FTE shall mean employment positions at the Premises providing 1,820 hours of employment per year.

J. Gross Revenue (herein after referred to as "Gross Revenues") shall mean all funds collected by the Operator for the parking and storage of motor vehicles whether on an hourly, daily, or weekly basis, less all validations, refunds, discounts, and allowances and less any sales tax, use tax, excise tax, gross receipts tax, parking tax, or any other tax or charge collected by the Operator on behalf of or payable to the tax collector (collectively "Sales Tax"). Operator shall be responsible for payment directly to the tax collector of any Sales Tax based on Gross Revenue collected by the Operator. Gross revenues do not include annual parking contracts issued directly by the Authority.

K. Improvements shall mean all items located on or within the Premises or affixed thereto, provided, purchased or used by Operator, including, but not limited to, revenue control equipment and structures, wiring and signs.

L. Parking Control Islands shall mean any cement curbing used for vehicle control, ticket dispensing, gate arm mechanisms, and/or paystation locations.

M. Premises shall mean the parking garage and surface parking lots at the Airport more particularly shown on Exhibit A attached hereto and incorporated herein to include:

Parking garage – 219 spaces
Surface Lot– 656 spaces

2. OPERATION OF THE PREMISES: The Premises together with any equipment and Improvements thereon shall be used by Operator solely as a public parking facility for motor vehicles and any other purpose or purposes incidental thereto, including but not limited to the right to place any personal property or trade fixtures necessary for such purposes on the Premises. In addition to the Premises, Operator shall have the right of ingress onto and egress from the Premises by motor vehicles from the Airport Terminal access road during the term of and under the covenants and conditions contained in this Agreement.

Operator shall institute revenue control procedures for the public parking facilities including where necessary (i) procedures to control ingress and egress to the Premises, (ii) procedures for collection of proper fees in accordance with the approved parking rate schedule in effect, and (iii) staffing uniformed attendants, trained and disciplined to perform their duties in an efficient and courteous manner.

Provided that Operator abides by all the terms and conditions hereof, Authority shall not during the term of this Agreement permit the operation of a public parking facility at the Airport Terminal by any other party other the Operator and/or the Authority itself.

3. TERM: Base Term- Operator will enter into a five (5) year Agreement commencing on February 1, 2017 and terminating on January 31, 2022.

A) OPTION TERM- In addition to the Base Term identified above, three (3) additional one (1) year Option Terms commencing on February 1ST of each year will be offered and exercisable upon mutual agreement. The Parties must agree and exercise any Option Term a minimum of one hundred eighty (180) days prior to expiration of the Base Term or any executed Option Term of this Agreement. If any Option Term is not exercised in the timeframe identified, this Agreement will terminate on the Base Term or any executed Option Term(s) expiration date identified with no further obligation on the part of either party beyond the Base Term or executed Option Term termination date.

B) HOLDOVER- The Operator, at the sole discretion of the Authority, may be required to Holdover in the event that the succeeding Agreement is not in place at the expiration of the Base Term or any executed Option Term(s). The Operator shall continue on a month-to-month basis for a period not to exceed six (6) calendar months and such continuation shall be under the terms and conditions contained in the Agreement. The Authority has the right to terminate the Holdover upon thirty (30) days written notice without cause. Notwithstanding the definition of the term "Fee" found in Section 5 in this Agreement, during the holdover period, the term "Fee" shall mean the Percentage Fee.

4. HOURS OF OPERATION: The parking management program shall be staffed 4:30 am until 1:00 am, or until after the last evening arrival, 365 days per year as needed to accommodate all customers utilizing the parking facilities. The exit booth will be staffed from one (1) hour prior to the first scheduled departure until one (1) hour following the last arrival or the hours stated above, whatever is required to meet the customer needs. Notwithstanding the above, the Operator must have staff available at all times with a response time of no more than one (1) hour upon call. The call procedure will be coordinated between the Operator and the Authority.

5. PAYMENT OF FEES: Operator hereby agrees to pay Authority the greater of the following Minimum Annual Guarantee fee (the "MAG") or percentage concession fee (the "Percentage Fee") which may be due hereunder (the greater of the MAG and the Percentage Fee hereinafter referred to as the "Fee"), computed for each year of the Term and any exercised Option Term(s) of this Agreement:

A. CONCESSION FEES AND MINIMUM ANNUAL GUARANTEE ("MAG") FEE: The MAG for the first year shall be nine hundred sixty-three thousand dollars ($963,000). For each subsequent year of the Agreement, the MAG will be calculated at ninety percent (90%) of the previous year's actual net payment to the Authority with a maximum MAG in any year of $1,070,000. In no event shall the MAG due to the Authority during the Term and any exercised Option Term(s) be less than the first year's MAG except for the conditions outlined below.

If for any reason, the annual revenue falls below $1,200,000 the MAG shall be lowered to $750,000 until such time as annual revenue is greater than $1,200,000. During the period in which annual revenue is below $1,200,000, Operator will continue to pay the Authority the specified percentage concession fees as described in paragraph B outlined below.

B. The Percentage Fee shall be computed as a percentage of annual Gross Revenues:

70% of annual Gross Revenues between $0.00 and $200,000
80% of annual Gross Revenues between $200,001 and $400,000
87.5% of annual Gross Revenues between $400,001 and $600,000
90% of annual Gross Revenues between $600,001 and $1,000,000
92% of annual Gross Revenues above $1,000,001

C. Operator shall pay to the Authority monthly the Percentage Fee based on the monthly Gross Revenues at the appropriate rate schedule. The first monthly installment shall be due on March 15, 2017 and shall be due on the 15th of the month every month thereafter through the Term and any exercised Option Term(s). Within forty-five (45) days after the end of each contract year, there shall be a reconciliation report prepared by and signed by an Officer of the Operator. The parties will compare the total Percentage Fee paid compared to the MAG and if the amount due is greater than the MAG, Operator will pay the balance due within fifteen (15) days.

6. REPORTS AND RECORDS: Concurrently with each monthly installment, Operator shall provide a detailed monthly statement of Gross Revenues derived for the preceding month for operation and management of the Premises, said report to be in a form acceptable to the Authority. Operator agrees that during the term of this Agreement it will maintain, under and in accordance with accepted accounting practices, a complete and accurate set of books, records, dates of its parking receipts including daily revenue and shift reports, bank deposit slips, tickets, license plate inventory, accounts and cash register tapes showing all Gross Revenues collected by Operator under this Agreement and all taxes and other deductions affecting said Gross Revenue. The Operator shall submit to Authority monthly activity reports which shall include the number of parking tickets collected by type; the dollar value of all revenue collected and the number and value of non-paying exits. All such books, records, accounts and tapes shall be kept in conformity with a revenue control system approved by the Executive Director and shall be subject to inspection and audit by the Authority upon three (3) days' notice. In the event any audit discloses that the amount of Gross Revenues on any statement was understated by two percent (2%) or more of Gross Revenues for any month, the Operator shall pay to the Authority the cost of its audit and investigation, plus any arrearage in Fees due to the Authority under this Agreement. Such records shall be maintained at a location agreed upon by the parties within the City. Operator shall retain all such books, records, accounts and tapes for a period of six (6) years after the termination of this Agreement. Operator has the option of turning all records over to the Authority at the end of the term.

7. OPERATOR'S EMPLOYEES: Operator shall provide competent staff to operate the Premises. In order to accomplish the level of service required by Authority, and in the provision of continuous service of the Premises, Operator shall employ, train, assign, motivate and manage an adequate number of personnel to operate the Premises. The parties agree that the automated parking operation level of staffing shall be 3.5 Full-time Equivalents (FTEs). Executive Director and Operator may negotiate different levels of staffing. If at any time Operator reduces the number of Full-time Equivalents below the number of 3.5, then Operator shall increase the monthly Fee installment by an amount equal to the Operator's direct cost savings resulting from the staffing reduction. The actual

calculation of any cost savings will be determined and memorialized by signed amendment to this Agreement.

It is recognized by both parties hereto that there may be future increases in the local, state, and federal minimum wages or other mandated governmental payroll taxes or employee benefits required by Operator to offer its employees. If, an increase mandated by local, state, or federal law occurs in the existing minimum wage; or Operator is mandated by governmental action to provide other employee associated taxes, benefits, or compensation, Operator and Authority shall work together to develop an equitable agreement to compensate Operator for cost of said mandated wage, tax, or benefit increase. Such equitable agreement will be developed considering the nature of the proposed mandate.

Operator understands and agrees that its operation at the Airport necessitates contact with the public, both in the course of normal business operations and in rendering public services such as giving directions and providing general assistance to the public. Employees in positions that involve contact with the public must be capable of speaking and understanding the English language at a level consistent with the effective and efficient performance of the duties of the position. Employees shall be clean and neatly dressed in uniforms provided by Operator at all times in order to reflect the professional levels of service expected by Authority. Employees shall be polite and courteous at all times and shall respond to complaints or problems of customers within forty-eight (48) hours. Operator shall be obligated to control the actions of its employees, to dispense with the services of any employee whose conduct Authority determines to be detrimental to the best interests of Authority.

8. OBLIGATIONS OF OPERATOR:

In the performance of its service at the Airport, the Operator will maintain a high degree and standard of professionalism. In particular, the Operator will comply strictly with the following conditions and requirements:

A. Operate and manage the Parking Facilities in accordance with the highest standards and practices of the commercial parking industry;

B. Train all employees under the Duluth International Airport contract in the proper customer service techniques and the financial management policies and procedures to comply with the contract terms;

C. Conduct its operations in an orderly, and courteous manner, so as not to annoy, disturb, or offend customers, patrons, employees or tenants of the Airport. Employees shall wear clean uniforms as approved by the Authority at all times when on duty;

D. Provide and maintain sufficient materials, supplies, merchandise, and equipment to ensure a high standard of parking service and to avoid all disruptions to customers within the reasonable control of the operator;

E. Provide custodial services and disposal of waste/trash within Premises, as established in the Agreement to a location determined by the Airport.

F. Employ trained personnel, who shall be clean, courteous, efficient, and neat in appearance.

G. Pay all taxes assessed against Operator owned furnishings, equipment, earnings, personal property, or stock of merchandise and supplies.

H. Pay for all permits, licenses, or other authorizations required by authority of law in connection with the operation of its business at the Airport

I. Comply with applicable federal, state, and local laws, regulations, and ordinances, etc., including the Rules and Standards governing the use and operation of the Duluth International Airport, as may be amended from time to time.

J. Keep accurate records and books of account on site, or available within twenty-four (24) hours' upon notice, in accordance with Generally Accepted Accounting Principles (GAAP Basis) in order to submit monthly reports as established by the Agreement.

K. Provide insurance as required in Section 22.

L. Comply with all appropriate codes, regulations, and ordinances of the City of Duluth and the State of Minnesota.

M. Provide bonding for all employees used in the performance of the contract against theft and fraud

N. Provide a daily license plate inventory report to the Executive Director.

O. Provide monitoring of the commercial vehicle lane during normal staffed hours as time permits and as coordinated with the Authority.

P. Other maintenance responsibilities as agreed to by the parties.

9. OBLIGATIONS OF THE AUTHORITY

Authority shall, at its expense, be responsible for repair, maintenance and replacement of all blacktop and concrete surfaces, light standards and relamping on the Premises, electrical repairs, landscaping, and sewer and drainage, as same pertain to the Premises, unless any of the aforesaid shall be damaged by Operator or its employees, in which event Operator shall be responsible.

Authority shall furnish at no charge in the Toll Booth and parking facilities:

A. Ordinary heat, electricity, and air conditioning.

B. Ordinary convenience outlets as presently installed and electric current that is not substantially greater than an amount of electric current than might be normally

used. Operator accepts the facilities "as is where is".

C. Telephones and radios as required by the Authority.

D. A toilet in the toll booth.

E. Internet service to the toll booth.

F. Authority shall provide and pay for all necessary electricity for the lighting of the remainder of the Premises and roadway system at the Airport.

G. All revenue control software and equipment

H. Authority shall be responsible for snow removal from the Premises except that Operator will assist Authority with removing snow from the Parking Control Islands.

10. VEHICLE INVENTORY: An inventory off all vehicles parked at the Premises shall be taken nightly. This procedure consists of entering all license numbers by state, lot, and row location of all vehicles remaining at the Premises. This information permits a determination of length of stay in the facility to enable a customer to be charged the correct amount of fees in the event of a "lost" ticket. Any vehicle remaining at the Premises more than thirty (30) days will be brought to the attention of the Executive Director to determine the appropriate action to be taken.

11. OPERATOR CAPITAL INVESTMENT: Operator will provide to the Authority, prior to the commencement date of this Agreement, a payment seventy-five thousand dollar ($75,000) for investment contribution for improvements required to support the operation of the parking facilities to be used at the sole discretion of the Authority. Any remaining balance in that fund at the termination of the Agreement as called for herein, will remain with the Authority.

12. CONSUMABLES AND CREDIT CARD FEES:

A. Operator shall, at its own expense, furnish all forms, tickets, decals, envelopes, tools, office equipment, furniture, drop safes, materials, and supplies needed for the efficient operation of its business at the Premises.

B. Operator shall invoice the Authority on a monthly basis through the Base term only a flat fee of one thousand one hundred dollars ($1,100) per month for credit card processing fees. Authority will pay the invoice within thirty (30) days of receipt. No credit card fee payment to the Operator will be due from the Authority during any Option Term, if exercised.

13. TAXES: Operator shall be liable for the payment of personal property taxes, if any, and license fees that may be levied or assessed during the term of this Agreement on account of the transacting of business on the Premises by Operator. If Operator shall fail or neglect to pay any of said taxes or license fees when the same become due, Authority may pay the same, together with any penalty thereon, provided, however, that such payment by Authority shall not prevent or limit Operator from appealing such tax or fee. If Authority pays all or any portion of said taxes or license fees together with any penalty thereon, Authority shall be entitled to collect the entire amount so paid from Operator, and Operator hereby agrees to pay such entire amount to Authority upon demand therefor, provided however, such payment does not prevent or limit Operator from appealing such tax of license fee.

14. ABANDONED VEHICLES: Operator will comply with any and all governmental laws, regulations and statutes regarding abandoned vehicles, including reporting of any vehicle which is on

the Premises more than thirty (30) days, to proper authorities in compliance with such laws, regulations and statutes. Permanently abandoned vehicles, if any, will be disposed of in accordance with existing laws. The Authority shall be entitled to all proceeds from the sale of any abandoned vehicle. No abandoned vehicle will be disposed of without the prior approval of the Executive Director.

15. CUSTOMER RELATIONS:

A. Customer Feedback Survey. Operator shall conduct an annual customer parking survey at the Airport. Operator will consult with the Executive Director to develop and conduct the survey, the survey shall be in a form approved by the Executive Director. Operator shall pay for, prepare and tabulate the survey and provide the results of each survey to Authority in written form.

B. Mystery Shopper. Authority requires Operator to conduct monthly mystery shopper surveys and provide a report monthly detailing the findings to the Executive Director.

C. Visiting Corporate Personnel. Operator shall have visiting corporate, regional and field personnel observe, monitor and document performance and standards relating to customer service and provide the findings to the Executive Director.

D. Customer Relations Policy. Operator shall respond to customer inquiries and/or complaints within forty-eight (48) hours of receipt and provide the Executive Director with a copy of said response. A monthly summary of all responses will be given to the Executive Director.

E. Customer Reward Program. Operator shall introduce and educate customers to the Authority's Thanks Again Program.

16. OPERATOR EMPLOYEE PARKING AND AUTHORITY PARKING TICKET VALIDATION: Operator's employees may park for free during the course of their normal duty shift in the area adjacent to the booth in the Exit Plaza.

Operator and the Executive Director shall arrive at a mutually agreeable method for parking ticket validations for use by Authority. Operator will administer the agreed to program.

17. SIGNS: Operator shall not erect, install, operate, cause or permit to be erected, installed or operated in or upon the Premises or upon the Airport, any sign or similar advertising device without having first obtained the approval of the Executive Director. All costs of installation shall be borne solely by Operator.

18. RATES: The Authority shall be solely responsible for establishing all rates, fees, and charges for all revenue associated with the operation of the parking program. The Authority will establish a rates, fees, and charges schedule annually and provide it to the Operator in writing a minimum of thirty (30) days prior to the implementation of any modified rates. Rates, fees, and charges will be no less than in existence at the commencement of the Agreement. The Operator shall be responsible for coordinating and installing all signage changes required and any such change will be a reimbursable expense. Operator will be responsible for publicly posting all rates at locations designated by the Authority. The Authority shall be responsible for

updating the Duluth Airport Authority Website reflecting the current parking rates.

19. CAPITAL IMPROVEMENTS: The Authority may desire to have capital improvements made to the Premises. Upon mutual agreement, the Authority may authorize the Operator to make such improvements on behalf of the Authority. The Operator shall prepare plans and specifications which meet the Authority's requirements for the improvements. All work shall be done by competent contractors in the time and manner approved by the Executive Director. Operator's contractors shall comply with the Authority's normal bond, insurance and indemnification requirements.

20. INDEMNIFICATION CLAUSE: Operator shall indemnify, save, hold harmless, and defend Authority and the City, their officials, agents and employees, successors and assigns, individually or collectively, from and against any claim including a claim for contribution or indemnity, action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to, reasonable attorneys' fees, disbursements, court costs, and expert fees) based upon injury to persons, including death, or damage to property or any other cause of action arising out of, resulting from, in conjunction with or incident to Operator's operation of its business and/or performance of its obligations under this Agreement or use and/or occupancy of the Premises or of the Airport, and on ten (10) days' written notice from the Authority, Operator shall appear and defend all claims and lawsuits against the Authority and/or the City growing out of any such injury or damage.

Operator shall indemnify, save, hold harmless, and defend Authority and the City, their officials, agents and employees, successors and assigns, individually or collectively, from and against any claim including a claim for contribution or indemnity, action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to, reasonable attorneys' fees, disbursements, court costs, and expert fees) and any fines in any way arising from or based upon the violation of any federal, state, or municipal laws, statutes, resolutions, or regulations, including rules or regulations of the Authority now in effect or hereafter promulgated, by Operator, its agents, employees, or successors and assigns in conjunction with or incident to Operator's operation of its business and/or performance of its obligations under this Agreement or use and/or occupancy of the Premises or of the Airport, and on ten (10) days' written notice from the Authority, Operator shall appear and defend all claims and lawsuits against the Authority and/or the City growing out of any such injury or damage.

The provisions of this Section shall survive the expiration, termination or early cancellation of this Agreement.

21. ENVIRONMENTAL LIABILITY AND INDEMNIFICATION: In addition to the general indemnity stated in Section 20, and as part of it, it is specifically agreed between the parties that Operator shall be responsible in all respects for Operator's use of, or Operator's 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 or dangerous substance, solid waste or a "hazardous waste" by either the United States Environmental Protection Agency or the Minnesota Pollution Control Agency. Operator shall specifically be responsible for the disposition of all such waste or substances and for the environmental response activities and response 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 whatsoever which arise out of Operator's use of, or generation of, such substances in its operations at the Airport, and, Operator

specifically agrees that the obligations of Section 20 above shall apply specifically to any cost or obligations of the Authority or City arising out of such response, disposition and/or clean up. The provisions of this Section shall survive the expiration, termination or early cancellation of this Agreement.

22. INSURANCE:

A. Insurance Requirements.

Operator shall, at its expense, maintain insurance in full force and effect during the term of this Agreement in such amounts as to meet the minimum limits of liability specified below.

1. Comprehensive General Liability with limits no less than $1,500,000 combined single limit per occurrence, including but not limited to, bodily injury and property damage, airport premises and products/completed operations liability, contractual liability, and independent contractors liability.

2. Business Automobile Liability with limits no less than $1,500,000 each occurrence including owned and/or leased automobile liability and non-owned and hired automobile liability.

3. Workers' Compensation Coverage in statutory amounts with "all states" endorsement including Employees Liability Insurance in limits of $100,000 per employee.

B. Requirements for All Insurance. All insurance required in this Section 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 and with companies or underwriters satisfactory to the City Attorney.

C. Additional Insureds. Authority and City shall be named as additional insureds on each of the policies above except the Workers' Compensation policy.

D. Insurance Primary. All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or City.

E. Insurance Certificate. Certificates showing that Operator is carrying the above-described insurance in the specified amounts shall be furnished to Authority prior to the execution of this Agreement, and a certificate showing continued maintenance of such insurance shall be filed with Authority during the term of this Agreement. Failure of Operator to provide the required certificates of insurance does not invalidate or eliminate any of the insurance requirements contained herein or relieve Operator from any responsibility to carry the required types and amounts of insurance.

F. Notice of Change or Cancellation. The certificates shall provide that the policies shall not be changed or canceled during the life of this Agreement without at least thirty (30) days' advanced notice being given to Authority. Failure to give such notice to Authority shall render any such change or changes in said policy or coverages ineffective as against Authority and City.

G. ACORD Form. The use of an "ACORD" 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 City Attorney's Office.

H. Disclaimer. Authority does not represent or guarantee that these types or limits of coverage are adequate to protect the Operator's interests and liabilities. It shall be the obligation and responsibility of Operator to insure, as it deems prudent, its own personal property, against damage. Authority does not have insurance coverage for Operator's property and Authority expressly disclaims any and all liability for any and all losses, damage and/or claims to personal possessions of Operator.

I. Authority's Fire Insurance. Operator 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 at the Airport or any part thereof, or upon the contents of any building thereof; or

3. In the opinion of Authority, will constitute a hazardous condition so as to increase the risks normally intended upon the operations contemplated by this Agreement.

If, by reason of Operator'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, shall be higher than it otherwise would be, then Operator shall, upon fifteen (15) days' prior notice, either modify its operations so as to comply with the provisions of this subsection or reimburse Authority for that part of all fire insurance premiums paid or payable by Authority which shall be charged because of such violation by Operator.

23. NON-DISCRIMINATION: Operator for itself, its successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree: that (a) no person on the grounds of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of the Premises, (b) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person on the grounds of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (c) that Operator shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21 Nondiscrimination in Federally assisted programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, Title 49 CFR Part 23. The Operator agrees that it will not discriminate against any business

owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract or subcontract, purchase or lease agreement or other agreement covered by Title 49 CFR Part 23. The Operator agrees to include the above statements in any subsequent concession agreement or contract covered by Title 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

Non-compliance with this provision, shall constitute a material breach thereof and in the event of such non-compliance the Authority shall have the right to terminate this Agreement without liability therefor or at the election of Authority or the United States either or both said Governments shall have the right to judicially enforce said provision.

24. TEMPORARY SUSPENSION OF OPERATIONS: In the event Operator is prevented from operating the public parking facilities, Authority shall have the option to assume operation of the Premises during Operator's period of disability. Authority may continue such operation for so long as Operator's disability shall last, and shall receive all revenues therefrom.

25. DEFAULT:

A. Rights Upon Default. If at any time Operator 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 Operator, re-enter into or upon the Premises under this Agreement or any part thereof and take possession of the same fully and absolutely with or without cancellation of this Agreement and without such re-entry representing a forfeiture of the fees and charges to be paid and of the covenants, terms and conditions to be performed by Operator for the full term of this Agreement, and in the event of such re-entry, the Authority may collect and retain all parking revenues or Authority may contract with another operator for an equivalent or greater or lesser concession fee and Authority to recover properly measured damages.

2. Authority may at its election terminate this Agreement upon written notice in the manner hereinafter provided and re-enter upon the Premises, and the Operator covenants in case of such termination to indemnify the Authority against all loss of fees, and charges which the Authority has suffered or paid by reason of such termination, during the remainder of the term of this Agreement.

3. The Authority shall further have all other rights and remedies at law or in equity including injunctive relief, or summary proceedings for unlawful detainer, and any or all legal remedies, actions and proceedings shall be deemed cumulative.

B. Default Defined. "Default" shall be defined when any of the following circumstances exist:

1. If the Operator has failed to pay fees, charges, or taxes when due hereunder and such failure to pay shall continue for ten (10) days after written notice to Operator in the manner hereinafter provided.

2. Failure to provide and/or maintain the insurance coverages required herein.

3. If the Operator fails in the observance or performance of any of the other terms, covenants and conditions of this Agreement and such failure shall continue for thirty (30) days after Authority has given Operator written notice, or the Operator shall have failed to commence the corrective action of such failure within thirty (30) days after such notice and to diligently prosecute the same where the same cannot be completed within thirty (30) days.

4. If a petition to reorganize the Operator or for its arrangement of its unsecured debts shall be filed.

5. If the Operator shall be adjudicated bankrupt.

6. If a receiver or trustee of the Operator's property shall be appointed by any court.

7. If the Operator shall make a general assignment for the benefit of creditors.

8. If all of the interest of the Operator in its property shall be taken by garnishment, attachment, execution or other process of law.

9. If controlling interest of the Operator under this Agreement shall, without the approval required in Section 29 be transferred or assigned.

10. If any lien shall be filed against the Premises because of an action or omission of Operator and shall not be discharged or contested by Operator in good faith by proper legal proceedings within twenty (20) days after receipt of notice thereof by Operator.

26. CANCELLATION OF AGREEMENT:

A. Cancellation by Operator. This Agreement shall be subject to cancellation by Operator if one or more of the following events should occur:

1. The permanent abandonment of the Airport for scheduled air service.

2. If, by reason of any action of any governmental authority, Operator is unable to conduct its business for a period of in excess of ninety (90) consecutive days in substantially the same manner or substantially to the same extent as prior to such action.

3. Issuance by any court of competent jurisdiction of an injunction, order or decree in any way preventing or restraining the use of the Premises which injunction, order or decree remains in force of such injunction for a period of at least ninety (90) days.

B. Cancellation without Cause. This Agreement may be terminated without cause by Authority upon 180 days' written notice to Operator.

27. SURRENDER OF PREMISES: Upon the termination of this Agreement, Operator's authority to use the Premises, rights, facilities, equipment and Improvements herein granted shall cease and Operator shall, upon expiration or termination, promptly and in good condition, normal wear and tear excepted, surrender the same to the Authority. In the event that Operator has in any way changed, altered or modified the Premises, Operator covenants to return the same to the condition they were in at the time of the occupancy under this Agreement, normal wear and tear excepted, or, in the alternative, to pay the Authority for the cost of returning them to said condition. Upon termination, any improvements which have become part of the realty shall become the property of the Authority, and the same shall be immediately returned to the ownership and control of the Authority. Any improvements not part of the realty shall be removed therefrom within ten (l0) days after the termination of this Agreement or the same shall be deemed to have been abandoned to the Authority and the right of the Operator to possession thereof shall cease.

28. NOTICES: Any notices or communications required to be given to or by or served upon the respective parties hereto may be so given or served by mailing the same, properly addressed and stamped, to such party or parties by United States registered mail. certified mail or by reputable overnight courier service. Until new addresses shall be given, the addresses of the respective parties for the purpose of such notices or communications or for any other purposes shall be:

As to Authority:
Duluth Airport Authority
Executive Director
Duluth International Airport
470l Grinden Drive
Duluth, Minnesota 558ll.

As to Operator:
Republic Parking System, LLC.
633 Chestnut Street, Suite 2000
Chattanooga, Tennessee 37450
Attentions: Bob Linehart

29. ASSIGNMENT: Except for the subcontracting of work as set forth in Section19, Operator shall not assign or transfer this Agreement, in whole or in part, in any manner, nor any interest therein, nor permit the foregoing Agreement to become transferred by operation of law or otherwise, nor do or suffer any acts to be done whereby the same may be or become assigned in whole or in part, unless the written consent of Authority shall first be obtained in each and every case of subletting, assignment or transfer. It is expressly agreed by the parties that a change in ownership of the controlling share of stock in Operator if any, shall be deemed to be an assignment hereunder. It is expressly agreed

by the Operator that in the event permission be granted by the Authority as herein provided, 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 or assignment, the Operator shall be and remain liable for the payments of all rents and other payments due hereunder and the performance of all covenants and conditions for the full term of this Agreement.

30. SUCCESSORS AND ASSIGNS: This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns.

31. SUBORDINATION: This Agreement shall be subordinate to the provisions of any existing or future Agreement between the Operator and the United States of America or the State of Minnesota relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal or State funds for the development of the Airport, or to any security requirements of State or Federal Government, including temporary security procedures or instructions.

32. RULES AND STANDARDS: Authority has adopted Rules and Standards, as may be amended from time to time, with respect to the use of the Airport, terminal building and related facilities, which Operator agrees to observe and obey.

33. NONWAIVER: Any waiver of any breach of covenants herein contained to be kept and performed by Operator 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.

34. NONWAIVER OF LIABILITY: Nothing in this Agreement constitutes a waiver by the Authority or the City of any statutory or common law defenses, immunities, or limits on liability. The liability of the Authority and the City shall be governed by the provisions of the Minnesota Municipal Liability Tort Act, Minn. Stat. 466.04.

35. AMENDMENT: Any of the terms of this Agreement may be changed upon the mutual consent of the Authority and the Operator, but to be valid any such changes must be in writing, dated, and must be executed with the same formalities as this Agreement. In the event that any provision of this Agreement is determined to violate any local, state, or federal rule or regulation or is deemed to cause a violation of any rate covenants, the Agreement shall be modified upon consultation with Operator to cause such violation to be compliant with such provision and an amendment will be executed on a timely basis to incorporate the required changes.

36. HEADINGS: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of this Lease Agreement.

37. GOVERNING LAW: This Agreement shall be governed by and in accordance with the laws of the State of Minnesota, and all claims, disputes and other matters in question between the parties arising out of or relating to this Agreement shall be venued in state or federal courts located in Minnesota.

38. FORCE MAJEURE: Neither Authority nor Operator shall be deemed in violation of this Agreement by reason of failure to perform any of its obligations hereunder, if such failure is due to airline strikes, boycotts, embargoes, airport construction, acts of God, acts of governmental authority, weather conditions, riots, rebellion, terrorism, sabotage, or any other material circumstances not within its control. In such event, Operator may, with the written consent of the Executive Director, diminish the scope of its operations commensurate with the existing demand for parking services.

39. PERFORMANCE GUARANTEE: Operator shall post with the Authority prior to the commencement date of this Agreement a performance guarantee to be maintained for the duration of the Base Term of the Agreement and any executed Option Term, if executed, as called for in this Agreement in the amount of the two hundred and fifty thousand dollars ($250,000). The performance guarantee may be in the form of a bond, letter of credit from Operator's banking institution, or a cashier's check payable without recourse to the Authority. If the Operator submits a bond, then that bond shall be issued by a surety company acceptable to the Executive Director. During the Term of the Agreement, if there are any claims on the performance guarantee, the Operator must replenish the amount to the full value within five (5) calendar days upon receipt of written notice by the Authority.

40. AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE ("ACDBE") COMPLIANCE

A. The Authority has established an Airport Concession Disadvantaged Business Enterprise (ACDBE) program in accordance with the regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 23. The Operator is required to participate in the Authority's ACDBE program.

B. This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, Title 49 CFR Part 23. The Operator agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by Title 49 CFR Part 23.

C. The Operator agrees to include the statement set forth in paragraph B in any subsequent concession agreement or contract covered by Title 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

D. The Authority has available several remedies to enforce the ACDBE requirements contained in its contracts, including, but not limited to, the following:

1. Breach of contract action, pursuant to the terms of this contract;
2. Breach of contract action, pursuant to applicable State Statutes

E. The federal government has available several enforcement mechanisms that it may apply to firms participating in the ACDBE problem, including, but not limited to, the following:

1. Suspension or debarment proceedings pursuant to 49 CFR part 23;
2. Enforcement action pursuant to 49 CFR part 31; and
3. Prosecution pursuant to 18 USC 1001.

F. The Authority will comply with all regulations set forth in 49 CFR Part 23 and will monitor operations at the Airport for compliance with the ACDBE program.

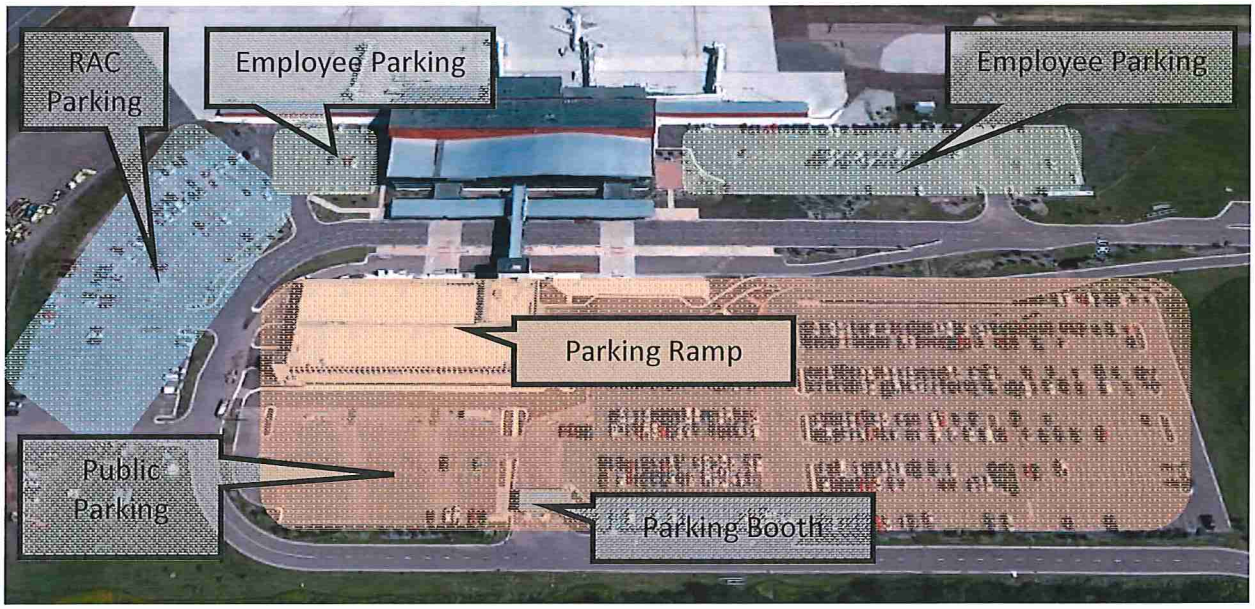
G. The Authority will submit to the Federal Aviation Administration's, Regional Civil Rights Office, an annual ACDBE participation report showing the commitments and attainments. The Authority will take measures to ensure nondiscriminatory participation of ACDBEs in concession, and other covered activities.

41. ENTIRE AGREEMENT: This written Agreement, including Exhibit A, is the entire agreement between the Parties. Any and all prior or contemporaneous statements and understandings not contained herein shall be of no further force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their authorized officers or representatives on the day and year first above written.

DULUTH AIRPORT AUTHORITY	REPUBLIC PARKING SYSTEM, LLC.
By:_____	By:_____
Its: President	Its:_____
By:_____	By:_____
Its Secretary	Its:_____

EXHIBIT A
(Description of Premises)



NEW BUSINESS

~~RLF~~ 4A

Visit Duluth Advertisement Agreement

TERMS:

- Length of Agreement - 1 year
- Rates - $3,000 for 1 year
- Termination Summary – Both parties shall have the right to terminate this Agreement upon breach of any of its representations, warranties, covenants or obligations under this Agreement. In the event of a termination by DAA pursuant to this Paragraph, Visit Duluth shall forfeit all Fees paid and shall further be responsible for payment of the remaining portion of the Fees due under this Agreement. In addition, DAA shall have the right to pursue all other rights and remedies at law or in equity.

ARGEEMENT OVERVIEW (CONTEXT):

- Contract Category – Renewal contract
- Location of advertising – Electronic advertisement will be located on the visitor kiosk located in the baggage claim area.
- Type of advertisement – The kiosk will have the Visit Duluth logo and static visuals of their large area events that will rotate on the screen saver.
- Benefit for DAA – This is a revenue opportunity for the DAA and an important business partnership between the two entities. It will also highlight key events to our travelers and connect them to the Visit Duluth site for additional visitor information.

Prepared by: Natalie Peterson

DULUTH INTERNATIONAL AIRPORT

LICENSE AGREEMENT

FOR THE DISPLAY OF ADVERTISING

This License Agreement (the "Agreement") is entered into this 17th day of January, 2017, between Duluth Airport Authority ("DAA") and Visit Duluth ("Advertiser").

WHEREAS, DAA operates the Duluth International Airport including the passenger terminal facility located at 4701 Grinden Drive (the "Terminal"); and

WHEREAS, Advertiser desires to advertise its products or services within the Terminal; and

WHEREAS, DAA desires to allow Advertiser to advertise its products or services in the Terminal as described in more detail herein.

NOW, THEREFORE, based on the foregoing, and in consideration of the mutual covenants and conditions set forth herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Term of Agreement.** Notwithstanding the date of this Agreement, this Agreement shall commence on January 17, 2017, and will continue through December 31, 2017, unless earlier terminated as set forth herein.

2. **License.** DAA hereby grants to the Advertiser a limited, non-transferable license on a lock down home page position (the "Licensed Space") on a kiosk located in an area of the Terminal currently located on the first floor as shown on the attached Exhibit A. Advertiser agrees that during the term of this Agreement and upon written notice to Advertiser, the kiosk may be relocated to another area on the first floor of the Terminal with equal visibility as determined in the discretion of the Executive Director or designee (the "Executive Director"). The Licensed Space shall be used solely for the purpose of displaying the Advertiser's advertisement. Advertiser takes the Licensed Space in an "as is" condition without representations or warranties of any kind, and DAA shall not be obligated to make any alterations or improvements on or to the Licensed Space.

3. **Advertising specifications.**

   a. Advertiser shall provide the electronic kiosk advertising content at its sole expense on a form of media mutually agreeable to the Advertiser and the Executive Director.
   b. Advertiser agrees that the advertising shall solely be used for the purpose of promoting Advertiser's products or services and shall not be used for any other purposes. Advertiser is responsible for all costs related to the design, concept, look and feel of the content used in the advertising. All advertising content is subject to the prior written approval of the Executive Director.
   c. DAA shall be responsible for the installation, maintenance and removal of the advertising media , the timing of which shall be performed such that it does not have a material impact on the operations of the Airport or negatively impact any

tenants operating at the Airport as determined in the sole discretion of the Executive Director.

d. Nothing herein shall restrict DAA in any way from selling advertising, ad space, sponsorships, or any other product or service to any third party on standard commercial terms in other locations, even if such third party is using such advertising, ad space, sponsorships, product or service for the solicitation or sale of products similar to or competitive with Advertiser.

4. **License Fee**. In consideration for the rights and benefits granted to Advertiser pursuant to this Agreement, Advertiser shall pay to DAA a fee in the amount of $3,000.00 (the "Fee") to be paid upon execution of this Agreement.

5. **Restrictions on Assignment**. Except for the contracting or subcontracting of the concept, design and production of the advertising content, Advertiser shall not sell, assign, transfer, or convey this Agreement or any part thereof, or sell, assign, transfer, convey, or share its use of the Licensed Space or any part thereof. Any attempt to sell, assign, transfer, convey, or share this Agreement or the Licensed Space or any portion thereof in violation of this Paragraph shall constitute a breach of this Agreement.

6. **Representations and Warranties.** Advertiser represents and warrants to DAA that:

   a. Advertiser owns or validly possesses the right to make, use, perform, sell and display any patented products, copyrighted works, trademarks, service marks and trade names, as the case may be, used by Advertiser in its advertisement;
   b. Advertiser has full power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder;
   c. this Agreement has been duly authorized and approved by all necessary and proper corporate action on the part of Advertiser and is the valid, legally binding and enforceable obligation of Advertiser in accordance with its terms; and
   d. the execution, delivery and performance of this Agreement by Advertiser does not conflict with, violate or constitute a default under any of the terms, conditions or provisions of any contract or other instrument to which Advertiser is a party or by which Advertiser is or may be bound.

7. **Indemnification.** Advertiser agrees to defend, indemnify and hold harmless DAA and the City of Duluth (the "City") and their respective officers, agents, servants and employees from and against any and all losses, claims, actions, demands, liabilities, judgments, penalties, injunctive relief, injury to person(s) or property or the Licensed Space, costs, damages and expenses, including reasonable attorney's fees, by reason of any actual or alleged act or omission of Advertiser or Advertiser's officers, employees, agents, contractors, subcontractors or invitees in connection with or relating to (a) Advertiser's use or occupancy of the Licensed Space or the Terminal pursuant to this Agreement, (b) the display of Advertiser's advertising including any allegation that the use of any name, visual presentation or other material is illegal, unauthorized or damaging in any way to a person or entity, or (b) Advertiser's infringement of any intellectual property, including without limitation copyright, patent, or the unauthorized use of a registered trademark or service mark or other violations of property or proprietary rights, or the rights of privacy or publicity of any third party arising from, related to or in connection with this Agreement. Upon ten (10) days' written, notice Advertiser shall appear and defend all claims and lawsuits against DAA

and/or the City growing out of any such injuries or damages. Neither DAA nor the City waives their respective immunities under state or federal law.

8. **Insurance.** Advertiser shall provide public liability insurance with limits not less than $1,500,000 single limit, and shall provide for the following: liability for premises, operations and completed operations.

   DAA and City shall be named as additional insureds on each liability policy. Advertiser shall provide a certificate of insurance evidencing such coverage and Advertiser shall notify DAA of a 30-day notice of cancellation, non-renewal or material change. DAA does not represent or guarantee that these types or limits of coverage are adequate to protect the Advertiser's interests and liabilities.

   The 2004 edition of ISA Additional Insured Endorsement CG 20 10 is not acceptable. If the CG 20 10 is used, it must be a pre-2004.

9. **Expiration.** Upon the expiration of this Agreement, the Advertiser's rights to use the Licensed Space shall cease and Advertiser shall, promptly and in good condition surrender the same to DAA.

10. **Termination upon breach.** DAA shall have the right to terminate this Agreement upon breach by Advertiser of any of its representations, warranties, covenants or obligations under this Agreement, which breach has not been cured within ten (10) business days after receipt of notice specifying such breach. In the event of a termination by DAA pursuant to this Paragraph, Advertiser shall forfeit all Fees paid and, if applicable, shall further be responsible for payment of the remaining portion of the Fees due under this Agreement. Additionally, DAA shall have the immediate right to take possession of the Licensed Space. Upon five (5) day's written notice to the Advertiser, DAA may remove all property and advertising content from the Licensed Space, and Advertiser shall, immediately upon receipt of invoice, pay for the costs incurred therefor. In such event, all property shall be deemed to have been abandoned to the DAA and the Advertiser's right to possession shall cease. In addition, DAA shall have the right to pursue all other rights and remedies at law or in equity.

11. **No Third Party Rights.** Nothing in this Agreement confers or purports to confer on any third party any benefit or any right to enforce any term of this Agreement.

12. **Compliance with Laws.** The Advertiser agrees to observe, comply and abide with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota, the City and the DAA (including but not limited to its Rules and Standards) and their respective agencies now in effect or hereafter promulgated which are applicable to its activities under this Agreement. The Advertiser shall procure at its own expense all licenses, permits or other rights required for the activity contemplated by this Agreement.

13. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Minnesota. All proceedings related to this Agreement shall be venued in Duluth, Minnesota.

14. **Severability.** In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, unenforceable, or violate any applicable law, the

remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

15. **Waiver.** Any waiver by either party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision. In order to be effective, a waiver must be in writing.

16. **Limitation of Liability.** Liability of the DAA and the City shall be governed by the provisions of the Minnesota Municipal Limitation of Liability Statute, Minnesota Statute Section 466 et seq.

17. **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.

18. **Notices**. All written notices and/or communications hereunder shall be sent by U.S. mail postage prepaid or personal delivery to the addresses indicated below or to such other respective persons or addresses as the parties may designate to each other in writing from time to time.

Duluth Airport Authority Attn: Director of Marketing and Communications 4701 Grinden Drive Duluth, MN 55811	Advertiser Visit Duluth Attn:_____ 21 West Superior Street Duluth, MN 55802

19. **Execution.** 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.

20. **Entire Agreement.** This Agreement, including Exhibit A, constitutes the entire agreement between the parties 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 duly signed this Agreement as of the dates set forth above.

DULUTH AIRPORT AUTHORITY	**VISIT DULUTH**
By: _____ Its President	By: _____ Its: _____
By:_____ Its Secretary	

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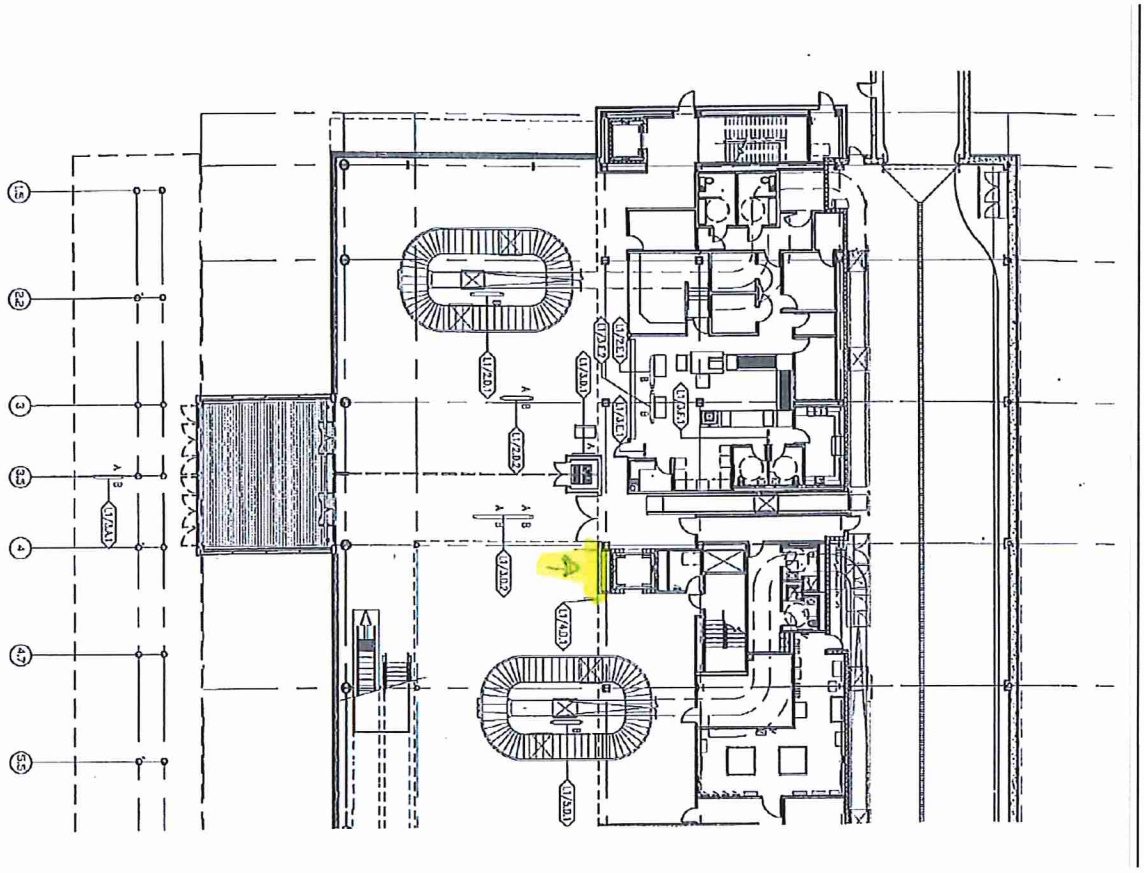
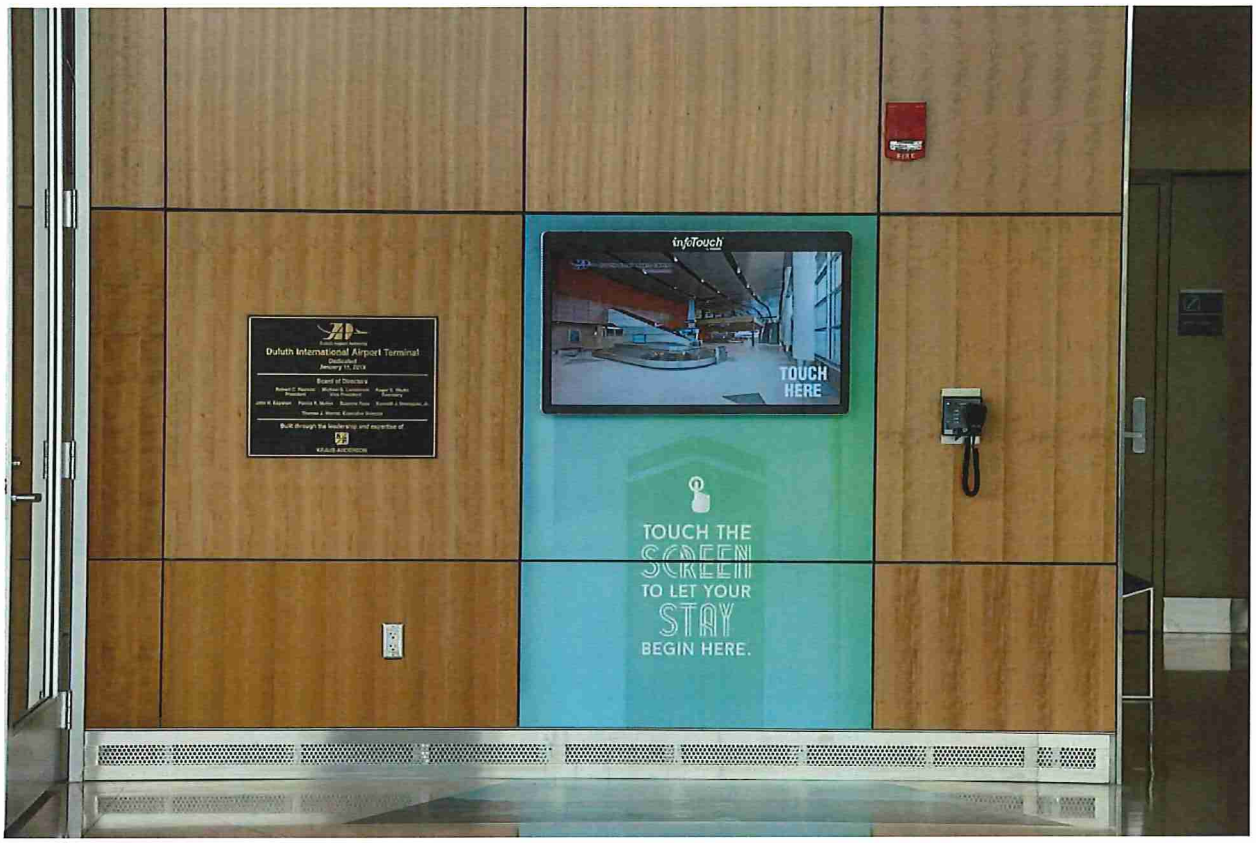
EXHIBIT A

LICENSED SPACE




Duluth International Airport Terminal
infoTouch
TOUCH HERE
TOUCH THE SCREEN TO LET YOUR STAY BEGIN HERE.

VII B

AGREEMENT TO INSURE CERTAIN DULUTH AIRPORT AUTHORITY PROPERTY UNDER THE CITY OF DULUTH'S PROPERTY INSURANCE POLICY

TERMS:

- Length of Agreement: One Year
- Price per Unit of Time: TBD upon award

ARGEEMENT OVERVIEW (CONTEXT):

- The City of Duluth was up for renewal on their insurance policy as of February 2017.
- A year and a half ago the DAA moved from a separate policy to the City of Duluth's policy to leverage about 30k in annual savings
- The City of Duluth requested bids for a new policy with the bid opening on 1/11/17 and an expected award on 1/13/17.
- The agreement is the same as the last with blanks in place of the insurance company name and the price of the contract. These pieces will be known upon award on 1/13/17.

Prepared by: Joelle Bodin

RESOLUTION AUTHORIZING AN AGREEMENT TO INSURE CERTAIN DULUTH AIRPORT AUTHORITY PROPERTY AND EQUIPMENT UNDER THE CITY OF DULUTH'S PROPERTY INSURANCE POLICY IN THE AMOUNT OF _____

RESOLVED, by the Duluth Airport Authority (DAA) that the proper DAA officials are hereby authorized to enter into an Agreement, substantially in the form of that attached hereto with the City of Duluth pursuant to which certain DAA property and equipment will be insured under the City of Duluth's property insurance policy for the period of February 16, 2017, to February 16, 2018; DAA to pay the City in the amount of _____.

Approved by the Duluth Airport Authority this 17th day of January, 2017.

ATTEST:

_____
Executive Director

STATEMENT OF PURPOSE: This resolution authorizes DAA to enter into an Agreement with the City of Duluth pursuant to which DAA-owned buildings and equipment will be insured under the City's property insurance policy at a cost which will represent a substantial savings to DAA. The City has a full blanket property policy with a $100,000 deductible and a $250,000 deductible per location for flood only. The annual cost for the insurance from February 16, 2017 to February 16, 2018, is _____.

DAA will be listed as a lien holder on the polices. If DAA were listed as a named insured, DAA could be held responsible for premium payments should the City not pay them as well as for litigation related to City-owned buildings. The City is required to pay over to DAA any claim settlements related to DAA property and equipment.

AGREEMENT TO INSURE CERTAIN DULUTH AIPORT AUTHORITY PROPERTY UNDER THE CITY OF DULUTH'S PROPERTY INSURANCE POLICY

Pertaining to the period of February 16, 2017 to February 16, 2018

This Agreement is by and between the DULUTH AIRPORT AUTHORITY ("Authority"), and the CITY OF DULUTH ("City").

WHEREAS, buildings owned by the City are insured with _____ located at _____ through the City's insurance agent, _____ of _____; and

WHEREAS, the City's property insurance coverage runs from February 16, 2017 to February 16, 2018; and

WHEREAS, the Authority desires to insure certain of its property through the City's policies of insurance.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. ALL RISK BLANKET POLICY AND BOILER POLICY

The City hereby agrees to include the Authority properties and equipment set forth on Exhibit A (hereinafter the "Authority Buildings") on the City's all risk blanket policy which covers buildings and business personal property. The values of the Authority Buildings for purposes of property insurance are also set forth on Exhibit A. Authority shall be named a lien holder on the insurance policies. The City agrees to immediately pay over to Authority any claim settlements on any of the Authority Buildings. Additionally, Authority shall immediately be provided any notices pertaining to the Authority Buildings. The Authority shall immediately notify the City's claims investigator/adjuster or designee (the "City Adjuster") of any changes that may affect the value of any of the Authority Buildings.

2. TERM OF INSURANCE COVERAGE

The Authority Buildings shall be insured for the period of February 16, 2017 to February 16, 2018.

3. PAYMENT BY AUTHORITY.

Authority agrees to pay City for insuring the Authority Building in the amount of _____ and no/100ths dollars ($_____) payable into City Fund 605-036-1659-4906 (Self Insurance Fund, Insurance Accounts, Airport Insurance, Other Insurance Charges).

4. MUTUAL COOPERATION

The Authority shall immediately give notice to the City of any damage to the Authority Property. The City Adjuster in cooperation with Authority's Executive Director will handle the processing of any claims involving the Authority Buildings. The City and Authority shall fully cooperate with the insurance companies in processing any claims.

5. POINT OF CONTACT

The point of contract for each of the parties to this Agreement shall be as follows:

City of Duluth: Don Douglas
City of Duluth
410 City Hall
411 West First Street
Duluth, MN 55802
(218) 730-5276

Authority: Tom Werner
Duluth Airport Authority
Duluth International Airport
4701 Grinden Drive
Duluth, MN 55811
(218) 625-7766

6. WAIVER

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

7. APPLICABLE LAW

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

8. 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.

9. ENTIRE AGREEMENT

It is understood and agreed that the entire agreement of the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. 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.

CITY OF DULUTH

By_____
Mayor

Attest:_____
City Clerk

Countersigned:

_____
City Auditor

Approved as to form:

_____
City Attorney

DULUTH AIRPORT AUTHORITY

By_____
President

By_____
Secretary

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Exhibit A

Buildings & Personal Property				
Building #	**Building Name**	**Building Address**	**Replacement Value**	**Content Value**
103	Hangar 103	4960 Airport Approach Rd, Duluth	$ 3,000,000.00	
104	Hangar 104 - Bays 7/8	4927 Airport Approach Rd, Duluth	$ 650,000.00	
	Hangar 104 - Bay 9/10	4923 Airport Approach Rd, Duluth	$ 650,000.00	
105	Hangar 105	4527 Vandenberg Dr, Duluth	$ 285,000.00	
106	Hangar 106	4529 Vandenberg Dr, Duluth	$ 285,000.00	
107	Hangar 107	4531 Vandenberg Dr, Duluth	$ 285,000.00	
301	Electrical Vault	4867 Malstrom St, Duluth	$ 1,000,000.00	
303	Snow Removal Equipment Building (SRE)	4875 Malstrom St, Duluth	$ 5,000,000.00	$ 750,000.00
305	Building 305	4845 Lackland St, Duluth	$ 1,300,000.00	
308	911 Building	4848 Lackland St, Duluth	$ 850,000.00	
311	Building 311	4464 Ralston Drive, Duluth	$ 2,100,000.00	
614	Ranch Hangars (7)	4526 Airport Approach Rd, Duluth	$ 425,000.00	
615	T-Hangars (14)	4524 Airport Approach Rd, Duluth	$ 600,000.00	
616	Airport Tower Building	4525 Airport Approach Rd, Duluth	$ 1,950,000.00	$ 125,000.00
622	Municiple Hangar II	4535 Airport Approach Rd, Duluth	$ 1,600,000.00	
N/A	Terminal	4701 Grinden Drive, Duluth	$ 62,000,000.00	$ 750,000.00
N/A	Sky Harbor Airport Office/Hangar	5000 Minnesota Avenue	$ 500,000.00	$ 250,000.00

Equipment					
Unit #	**Make**	**Model**	**SSN**	**Year**	**Actual Cash Value**
13	Oshkosh	27' Plow 2	0879	1997	$ 166,000.00
16	Oshkosh	P Series w/ 27' Plow	0510	1987	$ 45,000.00
17	Caterpillar	Grader	0356	2004	$ 150,000.00
18	Caterpillar	Grader	0173	1998	$ 120,000.00
19	Caterpillar	Grader	0167	2015	$ 300,000.00
20	Oshkosh	Blower	7443	2008	$ 325,000.00
22	Oshkosh	Blower	3260	2001	$ 250,000.00
25	Ford	Tractor Mower	0851	1991	$ 48,000.00
26	New Holland	Tractor Mower	5495	2007	$ 100,000.00
28	Caterpillar	Loader	1560	2005	$ 100,000.00
29	Chevrolet	Sander	0539	1999	$ 35,000.00
30	Caterpillar	Loader	0659	2015	$ 570,000.00
31	Oshkosh	Blower	3342	1991	$ 142,000.00
32	Oshkosh	Blower	6105	1992	$ 126,000.00
36	Oshkosh	Multi-Purpose Tractor	4787	2014	$ 428,000.00
36	Oshkosh	Multi-Purpose Sweeper	0881	2014	$ 368,000.00
37	Oshkosh	MB Sweeper	5016	2005	$ 300,000.00
43	Caterpillar	Loader	022B	2005	$ 178,000.00
44	Caterpillar	236B Skidsteer	9082	2009	$ 25,000.00

VII H

Duluth Airport Authority

Balance Sheet

End of Nov 2016

Financial Row	Amount
ASSETS	
Current Assets	
Bank	**$1,829,870.01**
Accounts Receivable	
Accounts Receivable - Restricted PFC	$15,938.29
Accounts Receivable Billed	$606,586.39
Grants Receivable	**$207,259.41**
Total Accounts Receivable	**$829,784.09**
Other Current Asset	
Inventory Assets	**$22,190.02**
Prepaid Items	**$27,469.32**
Total Other Current Asset	**$49,659.34**
Total Current Assets	**$2,709,313.44**
Fixed Assets	
Accumulated Depreciation	**($82,428,097.80)**
Capital Assets	**$193,734,392.71**
Work in Progress	**$6,430,725.68**
Total Fixed Assets	**$117,737,020.59**
Other Assets	
Accumulated Amortization	**($859,290.41)**
Airport Planning Projects - Contributed	$1,840,515.15
Airport Planning Projects - Invested	$375,622.36
Deferred Outflows	$141,846.00
Lease Buyout Costs	$97,048.95
Total Other Assets	**$1,595,742.05**
Total ASSETS	**$122,042,076.08**
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	**$50,698.73**
Credit Card	**$445.65**
Other Current Liability	
Accrued Interest	**287,464.41**
Accrued Salaries & Wages	$0.04
Accrued Sales Taxes Payable - All	$22.89
Accrued Vacation	$92,674.74
Deferred Inflows	$71,306.00
Loans Payable - DEDA MIF	($13,333.32)
Loans Payable to City of Duluth	**$11,885,000.00**
Revenue Note Payable - FBO Acquisition	$193,889.15
Unearned Revenue - Non Current	$256,206.09
Total Other Current Liability	**12,773,230.00**
Total Current Liabilities	**12,824,374.38**
Long Term Liabilities	
LT Loans Payable - DEDA MIF	$135,555.82
Net Other Postemployment Benefits Liability	$1,152,094.67
Net Pension Liability	$995,044.00
Total Long Term Liabilities	**$2,282,694.49**
Equity	
Contributed Equity	$16,621,668.70
Retained Earnings	$86,214,345.79
Net Income	4,098,992.72
Total Equity	**106,935,007.21**
Total LIABILITIES & EQUITY	**122,042,076.08**

Duluth Airport Authority

Income Statement

From Jan 2016 to Nov 2016

Financial Row	Amount
Ordinary Income/Expense	
Income	
Non-Aeronautical Revenue	
Advertising Income	$11,150.00
Concession Revenue	**$1,529,772.21**
Customer Facility Charges	$251,321.27
Miscellaneous Revenues	**276,638.94**
Parking	**$121,604.20**
Permits	**$7,935.30**
Plowing Services	$7,600.00
Reimbursed Expenses	**59,898.03**
Rent	**$131,292.77**
Sponsorship Income	$75,000.00
State Aid	**$273,109.73**
Total - Non-Aeronautical Revenue	**2,745,322.45**
Non-Passenger Aeronautical Revenue	
Aviation Gas	$83,915.89
Concession Revenue	**$193,336.51**
Event Income	$27,000.00
Landing Fees	**$37,966.65**
Ramp Fees	$16,400.67
Rent	**1,143,083.70**
Security Reimbursement	$82,041.30
Tie Downs	$5,217.00
Total - Non-Passenger Aeronautical Revenue	**1,588,961.72**
Passenger Airline Aeronautical Revenue	
Landing Fees	**$258,862.08**
Terminal Office/Space Rental	$697,509.43
Total - Passenger Airline Aeronautical Revenue	**$956,371.51**
Total - Income	**5,290,655.68**
Gross Profit	**5,290,655.68**
Expense	
Amortization Expense	**$33,360.80**
Miscellaneous Expenses	**$10,761.95**
Personnel Compensation & Benefits	**$1,658,365.19**
Services and Charges	**1,432,559.28**
Supplies	**393,030.44**
Total - Expense	**3,528,077.66**
Net Ordinary Income	**1,762,578.02**
Other Income and Expenses	
Other Income	
Capital Contributions	**$2,288,526.00**
Non-Operating Revenue	
Interest Income	$15,950.00
Passenger Facility Charges	$397,741.92
Total - Non-Operating Revenue	**$413,691.92**
Total - Other Income	**$2,702,217.92**
Other Expense	
Non-Operating Expense	
Interest Expense	**$365,803.22**
Total - Non-Operating Expense	**$365,803.22**
Total - Other Expense	**$365,803.22**
Net Other Income	**$2,336,414.70**
Net Income	**4,098,992.72**

Duluth Airport Authority
DAA Board Packet Budget vs. Actual
From Jan 2016 to Nov 2016

Financial Row	Prior Year Actual (Jan 2015 - Nov 2015)	Current Year Actual (Jan 2016 - Nov 2016)	Budget Amount (Jan 2016 - Nov 2016)	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2016 - Adjust 2016)
Ordinary Income/Expense						
Income						
Non-Aeronautical Revenue	$3,409,254.68	$2,745,322.45	$2,559,913.20	($663,932.23)	$185,409.25	$2,712,951.90
Non-Passenger Aeronautical Revenue	$563,611.33	$1,588,961.72	$1,404,419.24	$1,025,350.39	$184,542.48	$1,524,245.63
Passenger Airline Aeronautical Revenue	$212,225.05	$956,371.51	$889,197.87	$744,146.46	$67,173.64	$970,034.04
Total - Income	$4,185,091.06	$5,290,655.68	$4,853,530.31	$1,105,564.62	$437,125.37	$5,207,231.57
Gross Profit	$4,185,091.06	$5,290,655.68	$4,853,530.31	$1,105,564.62	$437,125.37	$5,207,231.57
Expense						
Miscellaneous Expenses	$13,439.17	$10,761.95	$7,204.89	($2,677.22)	$3,557.06	$7,859.88
Personnel Compensation & Benefits	$1,595,388.89	$1,658,365.19	$1,803,764.38	$62,976.30	($145,399.19)	$1,967,742.96
Services and Charges	$1,323,013.84	$1,432,559.28	$1,412,484.56	$109,545.44	$20,074.72	$1,546,471.52
Supplies	$478,375.76	$393,030.44	$549,872.12	($85,345.32)	($156,841.68)	$594,479.04
Total - Expense	$3,410,217.66	$3,494,716.86	$3,773,325.95	$84,499.20	($278,609.09)	$4,116,553.40
Net Ordinary Income	$774,873.40	$1,795,938.82	$1,080,204.36	$1,021,065.42	$715,734.46	$1,090,678.17
Other Income and Expenses						
Other Income						
Non-Operating Revenue	$463,324.74	$413,691.92	$468,566.12	($49,632.82)	($54,874.20)	$511,163.04
Total - Other Income	$463,324.74	$413,691.92	$468,566.12	($49,632.82)	($54,874.20)	$511,163.04
Other Expense						
Non-Operating Expense	$365,320.33	$365,803.22	$387,496.01	$482.89	($21,692.79)	$422,722.92
Total - Other Expense	$365,320.33	$365,803.22	$387,496.01	$482.89	($21,692.79)	$422,722.92
Net Other Income	$98,004.41	$47,888.70	$81,070.11	($50,115.71)	($33,181.41)	$88,440.12
Net Income Exclusive of Project Expenses, Depreciation & Amortizatio	$872,877.81	$1,843,827.52	$1,161,274.47	$970,949.71	$682,553.05	$1,179,118.29
Projects/Grants	($2,285,535.80)	$2,288,526.00	$19,308,799.40	$4,574,061.80	($17,020,273.40)	$21,064,144.80
Depreciation & Amortization	($8,570,506.46)	($33,360.80)	($7,843,045.76)	$8,537,145.66	$7,809,684.96	($8,556,049.92)
Net Income	($9,983,164.45)	$4,098,992.72	$12,627,028.11	$14,082,157.17	($8,528,035.39)	$13,687,213.17

Notes

* This report is based on an allocated budget, which is seasonally adjusted. At this time the DAA is at a positive variance of $682,553
* Though this appears to be a positive thing for the DAA, the DAA sold equipment in early 2016 totaling over $133,000. This source of revenue is being evaluated by the FAA and state
* With the above information, we are around $549,000 over break-even.

DRAFT

Duluth Airport Authority
Duluth A/R Aging Report
As of January 10, 2017

Customer	Transaction Type	Transaction Date	Transaction Number	Due Date	Age	Current Open Balance	12/11/2016 - 1/9/2017 (30) Open Balance	11/11/2016 - 12/10/2016 (60) Open Balance	10/12/2016 - 11/10/2016 (90) Open Balance	Before 10/12/2016 (>90) Open Balance	Total Open Balance
AAR Aircraft Service						$0.00	$6,061.64	$1,200.00	$0.00	$0.00	$7,261.64
Avis Rent A Car						$0.00	$10,051.25	($576.00)	$0.00	$0.00	$9,475.25
Bellamy Bill	Invoice	12/13/2016	1174	1/12/2017	28	$0.00	$130.05	$0.00	$0.00	$0.00	$130.05
Bemidji Aviation	Invoice	12/31/2016	1277	1/30/2017	10	$0.00	$733.15	$0.00	$0.00	$0.00	$733.15
BKR Investments DBA Duluth Pack	Invoice	12/1/2016	1108	12/31/2016	40	$0.00	$0.00	$250.00	$0.00	$0.00	$250.00
Case, Ronald Jr.	Invoice	10/14/2016	966	11/13/2016	88	$0.00	$0.00	$0.00	$51.00	$0.00	$51.00
Cincoski, Matthew	Invoice	11/3/2016	1060	12/3/2016	68	$0.00	$0.00	$0.00	$125.00	$0.00	$125.00
Cirrus Design Corporation						$0.00	$675.00	$4,014.17	$960.00	$0.00	$5,649.17
City of Duluth	Invoice	11/1/2016	1026	12/1/2016	70	$0.00	$0.00	$0.00	$1,510.98	$0.00	$1,510.98
Civil Air Patrol	Invoice	5/18/2016	984	6/17/2016	237	$0.00	$0.00	$0.00	$0.00	$1.00	$1.00
Crandell, Nancy	Invoice	12/15/2016	1168	1/14/2017	26	$0.00	$1,800.00	$0.00	$0.00	$0.00	$1,800.00
Dallman, Nathan	Payment	12/16/2016	1016	12/16/2016	25	$0.00	($51.00)	$0.00	$0.00	$0.00	($51.00)
Delta Airlines						$0.00	$612.00	$53,126.16	$0.00	$28,959.52	$82,697.68
Delta Global Services						$0.00	$320.00	$0.00	$1,055.00	$0.00	$1,375.00
Duluth Economic Development	Invoice	10/1/2016	903	10/31/2016	101	$0.00	$0.00	$0.00	$0.00	$34,120.00	$34,120.00
Duluth Flying Club	Invoice	12/31/2016	1279	1/30/2017	10	$0.00	$86.72	$0.00	$0.00	$0.00	$86.72
Duluth Seaway Port Authority	Invoice	12/15/2016	1153	1/14/2017	26	$0.00	$1,783.39	$0.00	$0.00	$0.00	$1,783.39
Enbridge Energy, Inc.	Payment	12/19/2016	1018	12/19/2016	22	$0.00	($1,800.00)	$0.00	$0.00	$0.00	($1,800.00)
Enterprise Leasing Company						$0.00	$105.00	$79.75	$125.71	$0.00	$310.46
Essentia Health						$0.00	$3,600.00	($1,800.00)	$0.00	$0.00	$1,800.00
Federal Aviation Administration						$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Federal Express Corporation	Payment	12/22/2016	986	12/22/2016	19	$0.00	($10,081.63)	$0.00	$0.00	$0.00	($10,081.63)
FEDEX Duluth C/O CBC Fisher Group	Invoice	12/13/2016	1171	1/12/2017	28	$0.00	$5,722.51	$0.00	$0.00	$0.00	$5,722.51
General Services Administration	Invoice	1/1/2017	1251	1/31/2017	9	$0.00	$4,736.24	$0.00	$0.00	$0.00	$4,736.24
Goritchan Boris						$0.00	$0.00	$0.00	$0.00	$229.00	$229.00
Graves, Michelle	Invoice	10/14/2016	970	10/14/2016	88	$0.00	$0.00	$0.00	$153.00	$0.00	$153.00
GSSC	Invoice	11/3/2016	1054	12/3/2016	68	$0.00	$0.00	$0.00	$115.00	$0.00	$115.00
Hermantown Hydraulics						$0.00	$0.00	$0.00	$595.59	$273.54	$869.13
Hertz Car Rental Agency						$0.00	$0.00	$0.00	$0.00	$1,743.15	$1,743.15
Hillman Colin	Invoice	12/13/2016	1175	1/12/2017	28	$0.00	$240.00	$0.00	$0.00	$0.00	$240.00
Hydro Solutions, Inc.						$0.00	$0.00	$3,466.75	$0.00	$90,188.09	$93,654.84
James D. Acers Company, Inc.	Invoice	12/15/2016	1158	1/14/2017	26	$0.00	$1,800.00	$0.00	$0.00	$0.00	$1,800.00
Jay Anne	Payment	12/16/2016	967	12/16/2016	25	$0.00	($357.00)	$0.00	$0.00	$0.00	($357.00)
Jelinski John						$0.00	$0.00	$0.00	$0.00	$90.00	$90.00
Kunkel, Dan	Invoice	10/14/2016	973	11/13/2016	88	$0.00	$0.00	$0.00	$102.00	$0.00	$102.00
Lake Country Flightseeing	Payment	12/16/2016	980	12/16/2016	25	$0.00	($1,365.00)	$0.00	$0.00	$0.00	($1,365.00)
Lake Superior College						$0.00	$34,150.67	$0.00	$0.00	$0.00	$34,150.67
Lake Superior Helicopters						$0.00	$115.58	$0.00	$0.00	$16,790.00	$16,905.58

Customer	Transaction Type	Transaction Date	Transaction Number	Due Date	Age	Current Open Balance	12/11/2016 - 1/9/2017 (30) Open Balance	11/11/2016 - 12/10/2016 (60) Open Balance	10/12/2016 - 11/10/2016 (90) Open Balance	Before 10/12/2016 (>90) Open Balance	Total Open Balance
Lehto, Randy	Payment	12/8/2016	1013	12/8/2016	33	$0.00	$0.00	($612.00)	$0.00	$0.00	($612.00)
Lloyds Systems						$0.00	$0.00	$0.00	$0.00	$65.00	$65.00
Love Creamery	Invoice	12/13/2016	1178	1/12/2017	28	$0.00	$30.00	$0.00	$0.00	$0.00	$30.00
Luck, Rick	Invoice	12/13/2016	1173	1/12/2017	28	$0.00	$69.36	$0.00	$0.00	$0.00	$69.36
Malachi Israel	Payment	12/23/2016	993	12/23/2016	18	$0.00	($96.55)	$0.00	$0.00	$0.00	($96.55)
Mark Marino						$0.00	$240.00	$0.00	$240.00	$240.00	$720.00
Marsden BLD Maint. DBA Crystal Clean of the North	Invoice	12/23/2016	1217	1/22/2017	18	$0.00	$200.00	$0.00	$0.00	$0.00	$200.00
Maurices, Inc.	Invoice	12/15/2016	1162	1/14/2017	26	$0.00	$3,600.00	$0.00	$0.00	$0.00	$3,600.00
McMillion, John	Payment	12/8/2016	1011	12/8/2016	33	$0.00	$0.00	($612.00)	$0.00	$0.00	($612.00)
Messerer Jon	Payment	12/23/2016	994	12/23/2016	18	$0.00	($845.04)	$0.00	$0.00	$0.00	($845.04)
Minnesota Air National Guard						$0.00	($125.00)	$2,366.85	$1,183.74	$854.50	$4,280.09
Minnesota Power	Invoice	11/3/2016	1049	12/3/2016	68	$0.00	$0.00	$0.00	$65.00	$0.00	$65.00
Mountain Air Cargo	Invoice	12/31/2016	1268	1/30/2017	10	$0.00	$1,789.92	$0.00	$0.00	$0.00	$1,789.92
Nemeth Stephan	Payment	12/23/2016	997	12/23/2016	18	$0.00	($612.00)	$0.00	$0.00	$0.00	($612.00)
Oakwells CR, LLC						$0.00	$1,113.25	$0.00	$0.00	$0.00	$1,113.25
Olson, Derek	Payment	12/29/2016	1020	12/29/2016	12	$0.00	($65.00)	$0.00	$0.00	$0.00	($65.00)
Oltman Robert						$0.00	$0.00	$0.00	($156.00)	($2.00)	($158.00)
Padden Geary	Invoice	7/11/2016	674	8/10/2016	183	$0.00	$0.00	$0.00	$0.00	$30.00	$30.00
Pirkola Tom	Invoice	10/3/2016	938	11/2/2016	99	$0.00	$0.00	$0.00	$0.00	$60.00	$60.00
Rehabilitation Counselors, Inc.	Payment	11/22/2016	909	11/22/2016	49	$0.00	$0.00	($75.00)	$0.00	$0.00	($75.00)
RS&H	Payment	12/8/2016	1010	12/8/2016	33	$0.00	$0.00	($96.00)	$0.00	$0.00	($96.00)
Sather Diane	Payment	12/16/2016	976	12/16/2016	25	$0.00	($612.00)	$0.00	$0.00	$0.00	($612.00)
SEH	Invoice	12/15/2016	1164	1/14/2017	26	$0.00	$1,800.00	$0.00	$0.00	$0.00	$1,800.00
Shino, Krcma	Payment	11/16/2016	888	11/16/2016	55	$0.00	$0.00	($612.00)	$0.00	$0.00	($612.00)
Skywest Airlines						$0.00	$0.00	$21,824.08	$0.00	$0.00	$21,824.08
Torgerson Management, Inc.	Invoice	7/11/2016	667	8/10/2016	183	$0.00	$0.00	$0.00	$0.00	$60.00	$60.00
Transportation Security Administration						$0.00	$384.00	$7,279.69	$7,797.50	$7,868.93	$23,330.12
UBM						$0.00	$1,800.00	$3,600.00	$0.00	$0.00	$5,400.00
Wells, William	Payment	12/2/2016	927	12/2/2016	39	$0.00	$0.00	($612.00)	$0.00	$0.00	($612.00)
WLSSD	Invoice	12/1/2016	1135	12/31/2016	40	$0.00	$0.00	$1,000.00	$0.00	$0.00	$1,000.00
Total						**$0.00**	**$67,739.51**	**$93,212.45**	**$13,923.52**	**$181,570.73**	**$356,446.21**

VIII J

DULUTH AIRLINE STATISTICS
ALL SCHEDULED AIRLINES

MONTH	ENPLANEMENTS 2014	2015	2016	DEPLANEMENTS 2014	2015	2016	TOTAL PASSENGERS 2014	2015	2016	2015/2016 PASS. INCREASE/DECREASE ORIG	% DIFF	TOTAL	% DIFF
JAN	11,696	10,480	8,897	10,482	9,841	8,192	22,178	20,321	17,089	(1,583)	(15.10)	(3,232)	(15.90)
FEB	12,243	10,478	9,179	11,295	9,900	8,725	23,538	20,378	17,904	(1,299)	(12.40)	(2,474)	(12.14)
MAR	15,983	12,717	11,015	16,002	12,765	11,043	31,985	25,482	22,058	(1,702)	(13.38)	(3,424)	(13.44)
APR	13,322	11,154	10,308	13,679	11,540	10,166	27,001	22,694	20,474	(846)	(7.58)	(2,220)	(9.78)
MAY	12,400	9,975	9,587	13,052	10,663	10,220	25,452	20,638	19,807	(388)	(3.89)	(831)	(4.03)
JUN	13,003	11,462	10,675	14,329	11,959	11,018	27,332	23,421	21,693	(787)	(6.87)	(1,728)	(7.38)
JUL	14,784	13,395	12,361	15,392	13,769	12,440	30,176	27,164	24,801	(1,034)	(7.72)	(2,363)	(8.70)
AUG	15,504	13,870	13,174	14,929	13,164	12,605	30,433	27,034	25,779	(696)	(5.02)	(1,255)	(4.64)
SEP	12,816	10,649	11,489	12,073	10,285	10,908	24,889	20,934	22,397	840	7.89	1,463	6.99
OCT	13,260	12,062	12,299	12,681	11,333	11,696	25,941	23,395	23,995	237	1.96	600	2.56
NOV	10,041	8,883	9,419	10,636	8,838	9,304	20,677	17,721	18,723	536	6.03	1,002	5.65
DEC	10,809	8,664	8,298	10,482	8,654	8,441	21,291	17,318	16,739	(366)	(4.22)	(579)	(3.34)
TOTAL	155,861	133,789	126,701	155,032	132,711	124,758	310,893	266,500	251,459	(7,088)	(5.03)	(15,041)	(5.35)

TOTALS WITH CHARTER INCLUDED

Month	Enplanements 2014	2015	2016	Deplanements 2014	2015	2016	Total
JAN	11,696	10,746	9,188	10,648	10,106	8,483	17,671
FEB	12,368	10,538	9,287	11,420	9,900	8,833	18,120
MAR	16,247	12,961	11,060	16,102	13,069	11,088	22,148
APR	13,322	11,270	10,620	13,679	11,540	10,478	21,098
MAY	12,675	10,136	9,740	13,327	10,940	10,373	20,113
JUN	13,393	11,782	10,781	14,577	12,279	11,018	21,799
JUL	14,875	13,587	12,361	15,483	13,961	12,657	25,018
AUG	15,539	13,999	13,524	14,964	13,293	12,947	26,471
SEP	13,094	10,815	11,641	12,351	10,451	11,060	22,701
OCT	13,260	12,215	12,447	12,681	11,486	11,844	24,291
NOV	10,041	9,193	9,621	10,636	9,148	9,506	19,127
DEC	10,927	8,664	8,298	10,482	8,654	8,441	16,739
Total	157,437	135,906	128,568	156,350	134,827	126,728	255,296

DULUTH AIRLINE STATISTICS
DELTA AIRLINES

MONTH	ENPLANEMENTS 2014	ENPLANEMENTS 2015	ENPLANEMENTS 2016	DEPLANEMENTS 2014	DEPLANEMENTS 2015	DEPLANEMENTS 2016	TOTAL PASSENGERS 2014	TOTAL PASSENGERS 2015	TOTAL PASSENGERS 2016	2015/2016 PASS. INCREASE/DECREASE ORIG	%DIFF	TOTAL	%DIFF
JAN	5,909	5,817	5,556	5,368	5,460	5,221	11,277	11,277	10,777	(261)	(4.49)	(500)	(4.43)
FEB	5,696	6,132	6,023	5,346	5,835	5,795	11,042	11,967	11,818	(109)	(1.78)	(149)	(1.25)
MAR	7,110	7,608	7,534	7,258	7,714	7,458	14,368	15,322	14,992	(74)	(0.97)	(330)	(2.15)
APR	6,649	6,636	6,940	6,640	6,665	6,689	13,289	13,301	13,629	304	4.58	328	2.47
MAY	6,791	6,005	6,082	7,045	6,455	6,498	13,836	12,460	12,580	77	1.28	120	0.96
JUN	7,648	7,381	6,660	8,602	7,788	6,765	16,250	15,169	13,425	(721)	(9.77)	(1,744)	(11.50)
JUL	8,587	8,663	7,580	8,663	8,825	7,427	17,250	17,488	15,007	(1,083)	(12.50)	(2,481)	(14.19)
AUG	9,217	8,569	8,098	8,693	8,133	7,500	17,910	16,702	15,598	(471)	(5.50)	(1,104)	(6.61)
SEP	7,415	5,636	6,717	6,983	5,402	6,253	14,398	11,038	12,970	1,081	19.18	1,932	17.50
OCT	7,984	7,552	7,909	7,489	7,111	7,418	15,473	14,663	15,327	357	4.73	664	4.53
NOV	5,839	5,708	6,111	6,367	5,614	6,054	12,206	11,322	12,165	403	7.06	843	7.45
DEC	5,973	5,432	5,182	5,688	5,340	5,287	11,661	10,772	10,469	(250)	(4.60)	(303)	(2.81)
TOTAL	84,818	81,139	80,392	84,142	80,342	78,365	168,960	161,481	158,757	(747)	(0.23)	(2,724)	(0.84)

Month	2016 ENPLANEMENTS Non Rev	2016 ENPLANEMENTS Revenue	2016 DEPLANEMENTS Non Rev	2016 DEPLANEMENTS Revenue	2016 DEPLANEMENTS Total
JAN	334	5,222	326	4,895	10,777
FEB	367	5,656	305	5,490	11,818
MAR	455	7,079	473	6,985	14,992
APR	357	6,583	385	6,304	13,629
MAY	268	5,814	272	6,226	12,580
JUN	294	6,366	317	6,448	13,425
JUL	407	7,173	415	7,012	15,007
AUG	397	7,701	385	7,115	15,598
SEP	339	6,378	322	5,931	12,970
OCT	366	7,543	318	7,100	15,327
NOV	249	5,862	219	5,835	12,165
DEC	226	4,956	202	5,085	10,469
Total	4,059	76,333	3,939	74,426	158,757

DULUTH AIRLINE STATISTICS
UNITED AIRLINES

MONTH	ENPLANEMENTS 2014	ENPLANEMENTS 2015	ENPLANEMENTS 2016	DEPLANEMENTS 2014	DEPLANEMENTS 2015	DEPLANEMENTS 2016	TOTAL PASSENGERS 2014	TOTAL PASSENGERS 2015	TOTAL PASSENGERS 2016	2015/2016 PASS. INCREASE/DECREASE ORIG	%DIFF	TOTAL	%DIFF
JAN	3,010	3,306	3,341	2,718	3,119	2,971	5,728	6,425	6,312	35	1.06	(113)	(1.76)
FEB	3,167	3,121	3,156	3,010	2,874	2,930	6,177	5,995	6,086	35	1.12	91	1.52
MAR	3,505	3,697	3,481	3,651	3,665	3,585	7,156	7,362	7,066	(216)	(5.84)	(296)	(4.02)
APR	3,332	3,236	3,368	3,209	3,479	3,477	6,541	6,715	6,845	132	4.08	130	1.94
MAY	3,606	3,410	3,505	3,683	3,504	3,722	7,289	6,914	7,227	95	2.79	313	4.53
JUN	3,938	4,081	4,015	4,317	4,171	4,253	8,255	8,252	8,268	(66)	(1.62)	16	0.19
JUL	4,985	4,732	4,781	5,164	4,944	5,013	10,149	9,676	9,794	49	1.04	118	1.22
AUG	4,749	5,301	5,076	4,826	5,031	5,105	9,575	10,332	10,181	(225)	(4.24)	(151)	(1.46)
SEP	4,259	5,013	4,772	3,989	4,883	4,655	8,248	9,896	9,427	(241)	(4.81)	(469)	(4.74)
OCT	3,955	4,510	4,390	3,909	4,222	4,278	7,864	8,732	8,668	(120)	(2.66)	(64)	(0.73)
NOV	3,108	3,175	3,308	3,186	3,224	3,250	6,294	6,399	6,558	133	4.19	159	2.48
DEC	3,580	3,232	3,116	3,528	3,314	3,154	7,108	6,546	6,270	(116)	(3.59)	(276)	(4.22)
TOTAL	45,194	46,814	46,309	45,190	46,430	46,393	90,384	93,244	92,702	(505)	(0.71)	(542)	(0.42)

Month	2016 Enplaned Non Rev	2016 Enplaned Revenue	2015 Deplaned Non Rev	2015 Deplaned Revenue	Total
JAN	108	3,233	95	2,876	6,312
FEB	97	3,059	90	2,840	6,086
MAR	103	3,378	94	3,491	7,066
APR	87	3,281	69	3,408	6,845
MAY	115	3,390	98	3,624	7,227
JUN	123	3,892	128	4,125	8,268
JUL	154	4,627	121	4,892	9,794
AUG	96	4,980	101	5,004	10,181
SEP	80	4,692	108	4,547	9,427
OCT	107	4,283	108	4,170	8,668
NOV	87	3,221	83	3,167	6,558
DEC	105	3,011	71	3,083	6,270
Total	1,262	45,047	1,166	45,227	92,702

DULUTH AIRLINE STATISTICS
CHARTERS

MONTH	ENPLANEMENTS 2014	ENPLANEMENTS 2015	ENPLANEMENTS 2016	DEPLANEMENTS 2014	DEPLANEMENTS 2015	DEPLANEMENTS 2016	TOTAL PASSENGERS 2014	TOTAL PASSENGERS 2015	TOTAL PASSENGERS 2016	2015/2016 PASS. INCREASE/DECREASE ORIG	% DIFF	TOTAL	% DIFF
JAN	-	266	291	166	265	291	166	531	582	25	9.40	51	9.60
FEB	125	60	108	125	-	108	250	60	216	48	80.00	156	260.00
MAR	264	244	45	100	304	45	364	548	90	(199)	(81.56)	(458)	(83.58)
APR	-	116	312	-	-	312	-	116	624	196	168.97	508	437.93
MAY	275	161	153	275	277	153	550	438	306	(8)	(4.97)	(132)	(30.14)
JUN	390	320	106	248	320	-	638	640	106	(214)	(66.88)	(534)	(83.44)
JUL	91	192		91	192	217	182	384	217	(192)	(100.00)	(167)	(43.49)
AUG	35	129	350	35	129	342	70	258	692	221	171.32	434	168.22
SEP	278	166	152	278	166	152	556	332	304	(14)	(8.43)	(28)	(8.43)
OCT	-	153	148	-	153	148	-	306	296	(5)	(3.27)	(10)	(3.27)
NOV	-	310	202	-	310	202	-	620	404	(108)	(34.84)	(216)	(34.84)
DEC	118	-			-		118	-	-	-		-	
TOTAL	1,576	2,117	1,867	1,318	2,116		2,894	4,233	3,837	(250)	11.79	(396)	53.51

Month	XTRA	SUN CO.	AIRTRAN	VISION	AMERI STAR	Allegiant	Total
JAN	300	282					582
FEB		216					216
MAR		90					90
APR	300	324					624
MAY		306					306
JUN		106					106
JUL		106				111	217
AUG	282	122				288	692
SEP		304					304
OCT	296						296
NOV		404					404
DEC							-
Total	1,178	2,260		-		399	3,837