



**DULUTH INTERNATIONAL AIRPORT**

**Travel Globally. Fly Locally.**

**DULUTH AIRPORT AUTHORITY  
MEETING AGENDA  
DECEMBER 18, 2018**

**DULUTH INTERNATIONAL AIRPORT  
AMATUZIO CONFERENCE ROOM**

**I \*EXECUTIVE DIRECTORS REVIEW**

Information Letter to DAA Directors.

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

A. Approval of November 20, 2018 Meeting Minutes.

**III \*DAA CASH DISBURSEMENTS**

A. Cash Disbursement Sheets #23 and #24, 2018. Construction Fund Sheet #14, 2018.

**IV \*CORRESPONDENCE**

- A. Airport News: November 21, 2018 Duluth International Airport “New Charter Flight from Duluth Direct to Nashville – One of the Hottest Cities in the USA!”, November 27, 2018 Delta News Hub “Delta Global Services to Combine with Argenbright Holdings to Create Premier Aviation Handling Provider”, North Star Port Fall 2018 “Sky Harbor Runway Relocation Enters New Phase” and Duluthian November and December 2018 “The People’s Airport – the \$9.3 Million Sky Harbor Airport Runway Realignment Project Prepares to Wrap Up in 2019”.
- B. December 1, 2018 E-Mail from Monaco Air Foundation with Summary of November 2018 Activities.
- C. December 4, 2018 Letter from U.S. Customs and Border Protection to DAA Regarding US Federal Inspection Service (FIS) at Duluth International Airport.
- D. December 6, 2018 Monthly Duluth International Airport Tenant Operations Meeting Minutes.
- E. Sky Harbor Runway Relocation Newsletter – Volume 10.
- F. Informational Letter from the Iowa Public Airports Association Regarding “Pilot Shortage – Why Iowa Should Be Concerned”.
- G. City of Duluth Communications Office “City of Duluth Combining Departments for Greater Impact”.
- H. 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**

None

## **VII NEW BUSINESS**

- A. Resolution to Approve the Sponsorship Agreement Between the Duluth Airport Authority and St. Luke's Hospital of Duluth.
- B. Resolution to Approve the Airline Use and Lease Agreement Between the Duluth Airport Authority and Delta Airlines, Inc.
- C. Resolution to Approve the Airline Use and Lease Agreement Between the Duluth Airport Authority and United Airlines, Inc.
- D. Resolution to Approve the Airline Use and Lease Agreement Between the Duluth Airport Authority and SkyWest Airlines, Inc.
- E. Resolution to Approve Incentive Award Payments of \$300 for Outstanding Performance Per the DAA Operation Policy #5 Employee Incentive Awards to the Following Employees -- Wade Cossalter, Airport II; Dan Taylor, Maintenance Supervisor and Ryan Welch. Facilities Manager.
- F. \*October 2018 Financial Report.
- G. \*November 2018 Accounts Receivables.
- H. \*November 2018 Airline Statistics.

## **VIII DIRECTORS REPORTS**

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

## EXECUTIVE DIRECTORS REVIEW



# DULUTH INTERNATIONAL AIRPORT

**Travel Globally. Fly Locally.**

**DATE:** December 18, 2018  
**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**

- 10.9% Increase in Passengers YTD
- 24% Increase in November Compared to November 2017
- 2.6% Increase in Delta Passengers YTD
- 24.1% Increase in United/United Express Passengers YTD
  - 45.6% Increase in November Compared to November 2017
- Nashville Charter Update

## **AIRFIELD OPERATIONS**

- Airside
  - Runway Reconstruction Update
  - November 23<sup>rd</sup> Incident
  - DGS Merger
- Landside
  - NSR
- Sky Harbor
  - NSR

## **BUSINESS/PROPERTY DEVELOPMENT**

- TSA/GSA Lease
- Bldg. 311 Cirrus Lease
- Sky Harbor Lot 8 RFP

## **FINANCIAL UPDATE**

- NSR

## **MARKETING UPDATE**

- Business Service Center Update
- Nashville Charter Marketing



### **LEGISLATIVE UPDATE**

- LASAC Meeting Recap
- MMB Budget Forecast

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

- AAAE Capital Financial Planning Conference

### **OTHER**

- Airport Orientations- Noah Schuchman and Arik Forsman

Submitted by,

Thomas J. Werner, C.M.  
Executive Director

## MINUTES



**DULUTH INTERNATIONAL AIRPORT**

**Travel Globally. Fly Locally.**

**DRAFT**

**MINUTES OF THE MEETING**

DATE: November 20, 2018

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

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

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 Communications & Marketing  
Joelle Bodin, Director of Finance & Administration  
Brian Madsen, Sky Harbor Manager  
Kathy Carver, Confidential Bookkeeper  
Jana Kayser, Part Time Bookkeeper  
Benita Crow, SEH  
Kaci Nowicki, SEH  
Ryan Jones, KLJ  
Don Monaco, Monaco Air Duluth  
Mike Magni, Monaco Air Duluth  
Bill King, Cirrus  
Peter DeSutter, AAR  
Eric Monson, Lake Superior Helicopters

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

EXECUTIVE DIRECTOR'S REVIEW

- Air Service: Solid year so far with an increase of 9.6% on the year to date (YTD) passenger numbers and an increase of 17.3% from October 2017 to 2018. Delta has a slight increase with an YTD increase of 1.7%. United mainline and pro-rate doing very well with a 22% increase and a very strong October 2017 to 2018 increase of 43.8%. Nashville Charter update – recent media coverage not so accurate, trying to correct records, more with the Marketing update. Presented on a very strong second quarter air service summary,

highlighted top originating destination markets, passenger market share, future flight frequencies, load factor trends, and average fare comparison, compared to 2017 fares are down. Met with United, very good meeting. Have been approached by a ground transportation business to present at the December meeting.

- Airfield operations and development:
  - \* Airside: Mr. Blaine Peterson, Director of Operations, presented and described the purpose of the Weather Ready Nation Ambassador award, great weather forecasting tools available. Runway 9/27 reconstruction update – held first work group meeting, very well attended and good discussion. Questions followed. Sky Harbor Runway realignment project pretty much done; crib work on hold until spring – presented video on the crib building process and spoke on timeline.
  - \* Business/Property Development: Ms. Jana Kayser, Part Time Bookkeeper, updated on the airline agreements; hope to have completed agreements at December's meeting. Cirrus Hangar 104 lease – no movement on it at this time. ANG lease supplemental Agreement No. 18 -- explained background information and overviewed the agreement. Sky Harbor Lot 8 RFP update– spoke on timeline and inquiries.
- Finance: Ms. Joelle Bodin, Finance and Administration Director, presented the third quarter financial review – highlighted budget versus actual, revenues, operating expenditures and spoke on Sky Harbor's financials. Questions followed, Mr. Werner detailed further. Ms. Bodin spoke on the City Council budget presentation, went well; the budget was approved at yesterday's session.
- Marketing: Ms. Natalie Peterson, Director of Communications and Marketing – reminded the Board that the DAA volunteer night at Bentleyville will be December 16<sup>th</sup>. Business Service Center (BSC) – ahead of schedule on the build out, good position to launch the first of the year; spoke on timeline and marketing; the sponsor has been identified, hope to have the sponsor agreement at the December meeting; she invited any interested Board members for a tour after this meeting. Fly Local campaign – also ready to launch at the first of the year, this campaign will be part of Duluth Days. Nashville Charter update – will have media launch tomorrow morning and spoke on B105 event. UMD promo is going exceptionally well. DAA will be providing holiday cookies for travelers today and tomorrow, reminder that the holiday party is December 13<sup>th</sup> and have started meetings with Swim Creative for the marketing strategy, more to come.
- Legislative: Mr. Werner explained the post-election leadership changes; reviewed the two major Legislative initiatives and shared that MCOA will attempt to set up a meeting with Governor Elect Waltz's staff regarding the initiatives, airports and aviation.
- Presentations/Tours/Travel Recap: Mr. Werner attended an AAAE law conference last month, a very good conference. The Business Development Manager's position has been posted internally.

Questions and discussion followed on several of the Executive Director's review items. Dir. Tanski moved to approve the October Marketing Subcommittee minutes, the October 16, 2018 meeting minutes, and other consent items. Dir. Stewart seconded. Motion carried.

### CONSENT ITEMS

Cash Disbursement Sheets #21 and #22, 2018. Construction Fund Sheet #13, 2018.

Letter from the Local Airline Service Action Committee (LASAC) to Explore Minnesota Tourism encouraging them to promote use of every commercial service airport when marketing around the State.

Weekly Duluth International Airport tenant operations meeting minutes October 16, 2018 through November 16, 2018.

Invitation to DLH Airport Stakeholders to participate on the airport construction and planning work group.

E-Mail from Monaco Air Foundation with summary of October 2018 activities.

Sky Harbor Runway Relocation newsletter – Volume 9.

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

### OPPORTUNITY FOR PERSONS TO BE HEARD

None.

### OLD BUSINESS

Ms. Bodin reviewed the background information for the amendment to the Commercial Vehicle Policy and recommended approval. Dir. McIsaac moved to approve the resolution for the amendment to the Duluth Airport Authority Commercial Vehicle Policy. Dir. Tanski seconded. Motion carried.

### NEW BUSINESS

Ms. Kayser summarized and overviewed on the facility lease. Dir. Fedora moved to approve the operator agreement and space lease between the Duluth Airport Authority and Lake Superior Helicopters, LLC. Dir. Fellman seconded. Motion carried.

Ms. Kayser briefed on the amendment to the facility lease agreement. Dir. McIsaac abstained from the discussion and vote. Dir. Tanski moved to approve the resolution for the facility lease agreement amendment for Building 311 between the Duluth Airport Authority and Cirrus Aircraft, Inc. Dir. Stewart seconded. Motion carried.

Mr. Werner summarized on the selection process and detailed on the Master Plan project. Questions and discussion followed. Dir. Stewart moved to approve the resolution for the



professional services agreement between the Duluth Airport Authority and SEH for the Duluth International Airport Master Plan project. Dir. Fellman seconded. Motion carried.

Mr. Peterson overviewed the 148<sup>th</sup> utility project and recommended approval. Dir. McIsaac moved to approve the resolution for the Professional Services Agreement Work Order 2018-01 between the Duluth Airport Authority and RS&H for the 148<sup>th</sup> Fighter Wing of the Minnesota Air National Guard MSA Utility System Repair. Dir. Stewart seconded. Motion carried.

There was a question on an emergency reported last week, Mr. Peterson briefed on the circumstances.

Dir. Stewart moved to adjourn the meeting. Dir. Tanski seconded. Motion carried. Pres. Butler adjourned the November 20<sup>th</sup> DAA Board meeting at 9:08 a.m.

Respectfully submitted,

Mary Ann Wittkop  
Recording Secretary

APPROVED:  DATE: 12-12-18

**CASH DISBURSEMENTS**

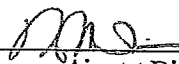
**III**

**Duluth Airport Authority  
Operating Check Register  
November 16-2018  
CD 23-2018**

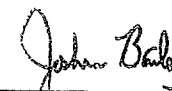
**DAA Operating Check Register**

Document #	Date	Transaction	Payee	Amount
6794	11/16/2018	BILLPMT	AirFiber	\$49.95
6795	11/16/2018	BILLPMT	Airgas North Central	\$88.01
6796	11/16/2018	BILLPMT	Arrowhead Tap House	\$113.29
6797	11/16/2018	BILLPMT	Best Oil Company	\$5,435.97
6798	11/16/2018	BILLPMT	Bodin, Joeffe	\$60.00
6799	11/16/2018	BILLPMT	Century Link	\$338.82
6800	11/16/2018	BILLPMT	Charter Communications	\$126.13
6801	11/16/2018	BILLPMT	City Of Duluth Comfort Systems	\$4,114.02
6802	11/16/2018	BILLPMT	Compudyne, Inc.	\$1,554.31
6803	11/16/2018	BILLPMT	Dalco	\$610.57
6804	11/16/2018	BILLPMT	Essentia Health	\$1,340.00
6805	11/16/2018	BILLPMT	General Security Services Corporation	\$15,110.56
6806	11/16/2018	BILLPMT	Grainger	\$1,574.84
6807	11/16/2018	BILLPMT	Grand Rapids Area Chamber of Commerce	\$826.00
6808	11/16/2018	BILLPMT	Hermantown Radiator Repair	\$209.00
6809	11/16/2018	BILLPMT	Holmgren, James L	\$37,500.00
6810	11/16/2018	BILLPMT	Jamar Company	\$533.13
6811	11/16/2018	BILLPMT	Johnson Controls	\$10,301.00
6812	11/16/2018	BILLPMT	Lathrop, Brandon	\$27.09
6813	11/16/2018	BILLPMT	MacQueen Equipment, Inc.	\$1,109.28
6814	11/16/2018	BILLPMT	Madsen, Brian	\$60.00
6815	11/16/2018	BILLPMT	Marsden Building Maintenance	\$14,304.00
6816	11/16/2018	BILLPMT	Menards	\$1,212.73
6817	11/16/2018	BILLPMT	Minnesota Power	\$25,529.11
6818	11/16/2018	BILLPMT	MN Dept of Empl & Econ. Development	\$2,222.22
6819	11/16/2018	BILLPMT	NAPA Auto Parts	\$63.92
6820	11/16/2018	BILLPMT	Nextera Communications	\$1,017.55
6821	11/16/2018	BILLPMT	Northern Business Products, Inc.	\$211.60
6822	11/16/2018	BILLPMT	Northern Engine & Supply	\$243.62
6823	11/16/2018	BILLPMT	Peterson, Blaine	\$60.00
6824	11/16/2018	BILLPMT	Peterson, Natalie	\$60.00
6825	11/16/2018	BILLPMT	Pomp's Tire Service, Inc.	\$401.00
6826	11/16/2018	BILLPMT	Praxair Distribution Inc.	\$286.17
6827	11/16/2018	BILLPMT	Schindler Elevator Corp	\$2,374.52
6828	11/16/2018	BILLPMT	Shel/Don Group Inc.	\$319.65
6829	11/16/2018	BILLPMT	Sinnott, Paul	\$60.00
6830	11/16/2018	BILLPMT	St. Germain's Glass	\$310.00
6831	11/16/2018	BILLPMT	Swanson, Richard	\$1,632.00
6832	11/16/2018	BILLPMT	Taylor, Dan	\$60.00
6833	11/16/2018	BILLPMT	Thanks Again, LLC	\$73.25
6834	11/16/2018	BILLPMT	Trillion Aviation	\$2,652.62
6835	11/16/2018	BILLPMT	Wabrowetz, Steve	\$60.00
6836	11/16/2018	BILLPMT	Waste Management of WI-MN	\$2,636.42
6837	11/16/2018	BILLPMT	Welch, Ryan	\$60.00
6838	11/16/2018	BILLPMT	Werner, Thomas	\$60.00
6839	11/16/2018	BILLPMT	Ziegler, Inc.	\$9,235.29
<b>Total</b>				<b>\$146,227.64</b>

Approvals:

  
Airport Director  
CD 23 -- 2018

Airport Authority

  
City Treasurer

**Duluth Airport Authority  
Operating Check Register  
November 30-2018  
CD 24-2018  
DAA Operating Check Register**

Document #	Date	Transaction	Payee	Amount
6840	11/30/2018	BILLPMT	Ameripride Linen & Apparel Services	\$309.50
6841	11/30/2018	BILLPMT	Amlin, Michael	\$191.98
6842	11/30/2018	BILLPMT	AT&T Mobility	\$206.94
6843	11/30/2018	BILLPMT	Batteries Plus	\$80.99
6844	11/30/2018	BILLPMT	City Of Duluth Comfort Systems	\$4,273.55
6845	11/30/2018	BILLPMT	Curtis Oil & Propane	\$60.00
6846	11/30/2018	BILLPMT	Dash Express, LLC	\$80.00
6847	11/30/2018	BILLPMT	Engelmeier, Roger	\$250.00
6848	11/30/2018	BILLPMT	Esko Express	\$660.00
6849	11/30/2018	BILLPMT	Fichtner, Wayne	\$89.99
6850	11/30/2018	BILLPMT	HD Supply Facilities Maintenance, Ltd.	\$227.59
6851	11/30/2018	BILLPMT	iFIDS.com Inc.	\$125.00
6852	11/30/2018	BILLPMT	Inter City Oil (ICO)	\$21,875.25
6853	11/30/2018	BILLPMT	Jamar Company	\$7,675.00
6854	11/30/2018	BILLPMT	Johnson Matt	\$232.89
6855	11/30/2018	BILLPMT	Johnson Mertz Appliance	\$906.99
6856	11/30/2018	BILLPMT	Kayser, Jana M	\$163.63
6857	11/30/2018	BILLPMT	MB Companies inc.	\$18,636.30
6858	11/30/2018	BILLPMT	Minnesota Petroleum Service	\$224.73
6859	11/30/2018	BILLPMT	NAPA Auto Parts	\$359.85
6860	11/30/2018	BILLPMT	Peterson, Natalie	\$110.11
6861	11/30/2018	BILLPMT	Sam's.Club	\$230.00
6862	11/30/2018	BILLPMT	Sinnott, Paul	\$95.01
6863	11/30/2018	BILLPMT	Swanson, Richard	\$1,224.00
6864	11/30/2018	CHK	WF Bus Payment Processing - Joelle	\$1,204.38
6865	11/30/2018	CHK	WF Bus Payment Processing - Tom	\$1,467.04
6866	11/30/2018	BILLPMT	Ziegler, Inc.	\$592.99
<b>Total</b>				<b>\$61,553.71</b>

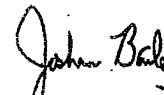
Approvals:



Airport Director

CD 24 -- 2018

Airport Authority

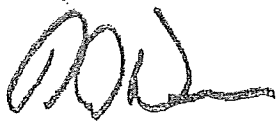


City Treasurer

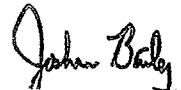
**Duluth Airport Authority**  
**DAA Construction Check Register #14-2018**  
**December 6, 2018**

**Document Number From: 6867 To: 6872**

Document Number	Date	Transaction Type	Payee	Amount
6867	12/6/2018	BILLPMT	1 Century Fence Company	\$79,354.30
6868	12/6/2018	BILLPMT	1 Northland Constructors of Duluth, LLC	\$239,899.70
6869	12/6/2018	BILLPMT	1 Short Elliot Hendrickson	\$202,175.00
6870	12/6/2018	BILLPMT	1 SwimCreative	\$7,414.87
6871	12/6/2018	BILLPMT	1 University of Minnesota	\$6,500.00
6872	12/6/2018	BILLPMT	1 Northland Constructors of Duluth, LLC	\$97,853.57
<b>Total</b>				<b>\$633,197.44</b>



Airport Director



City Treasury



**CORRESPONDENCE**



**DULUTH INTERNATIONAL AIRPORT**

Closer to everywhere.

FOR IMMEDIATE RELEASE:

November 21, 2018

CONTACT:

Natalie Peterson, Duluth Airport Authority, Director of Communications & Marketing  
218-625-7768

## **DULUTH INTERNATIONAL AIRPORT**

### **NEW CHARTER FLIGHT FROM DULUTH DIRECT TO NASHVILLE — ONE OF THE HOTTEST CITIES IN THE USA!**

Duluth, MN – Nashville, Tennessee has been named an “IT” City by *The New York Times*, and now the Duluth International Airport is announcing a Nashville vacation package set to depart on May 17, 2019. Legendary music venues, famous Honky Tonks, the Grand Ole Opry, American history, great Southern cooking, and more await you on this 4-day/3-night getaway. This all-inclusive package includes airfare, lodging and all ground transportation in a single price.

Step aboard your Sun Country charter flight direct to Music City, USA! Have a toe-tapping time at the Grand Ole Opry. Tour museums and sites which chart the rise of country music in America. Take a stroll on Music Row, where legendary artists and the music makers of today wrote and recorded your favorite hits. Trace the history of the antebellum South and step inside President Andrew Jackson’s historic home, The Hermitage. Explore the site of the Battle of Franklin, where the tide of the Civil War was turned. And, when the sun goes down, kick up your boot heels on the Honky Tonk Highway, just minutes from your room at the Sheraton Music City Hotel.

“We are excited to offer this charter package to Nashville to the region,” said Natalie Peterson, Communications and Marketing Director for the Duluth International Airport. “It’s a great leisure destination with opportunities for all. If we see strong support in the bookings for this package, we will work on additional package offerings in the future.”

Thanks in part to the Duluth International Airport’s partners, Townsquare Media and B105, special tours, ticket packages and discounts are also available. For more information, or to book your package, please visit [www.duluthairport.com/nashville](http://www.duluthairport.com/nashville) or call 833-FLY-NASH and use promo code “B105.”

And don’t forget to listen to B105, the Northland’s #1 for new country music, for more details and information.

**About Duluth International Airport**

The new, state-of-the-art passenger terminal at the Duluth International Airport opened for business on January 14, 2013. Currently, United Airlines offers three daily nonstop flights to Chicago, and Delta offers five daily nonstop flights to Minneapolis/St. Paul. We are committed to providing our customers with superior services in a safe, secure, professional environment. Be sure to check out our new loyalty rewards program – Thanks Again by visiting [www.thanksagain.com/DLH](http://www.thanksagain.com/DLH) Visit. Explore, like and follow at [duluthairport.com](http://duluthairport.com), [facebook.com/duluthairport](https://facebook.com/duluthairport), and [@DuluthAirport](https://twitter.com/DuluthAirport).

## **Delta Global Services to combine with Argenbright Holdings to create premier aviation handling provider**

By: **DELTA NEWS HUB** Staff Writer  
Posted Nov. 27, 2018 10:00 am

### **DGS will leverage strengths of both organizations to deliver customer service excellence, continued employee opportunities**

With a continued focus on elevating the customer service experience, Delta Global Services, a wholly owned subsidiary of Delta Air Lines will be combined with Argenbright Holdings I, LLC to form a premier aviation and ground handling service provider under the DGS name.

The new DGS, under management of the Argenbright team, will create more career opportunities for employees and will be strongly positioned to provide unparalleled service to airline customers as a best-in-class provider of airline-related services, ground support equipment maintenance, security and more. The Argenbright team has the experience, focus and industry relationships to advance DGS' growth potential and level of service. DGS will continue to operate at the same airport locations it currently serves, and the transaction will not have any day-to-day impact on Delta customers.

"Building a standalone business under the leadership of the Argenbright team better positions DGS to expand the breadth and quality of its service offerings and provide an elevated experience to the airlines that DGS services, including Delta," said Mark Gurney, President – DGS. "The new DGS will benefit from the Argenbright team's industry experience, track record of enhancing aviation services businesses and focus on supporting employees. Delta will be an equity partner in the combined company and as one of DGS' largest customers for aviation services, Delta will have a vested interest in the future of the new organization. With improved operations and performance, DGS will deliver enhanced value for our customers and employees and will be a more dedicated aviation services provider."

Frank Argenbright, Chairman and Founder of Argenbright Holdings, said, "We are creating a global aviation services business that will leverage the combined strength of our talented teams. We are committed to continued investment in DGS to improve the tools, technology and equipment employees have to do their job well, and to provide the best possible experience for the airline customers we serve. We are dedicated to putting customers and our colleagues at the heart of everything we do, and that belief has guided us in building and growing each of the businesses we've developed."

Delta Global Services is an aviation services provider, offering aviation, staffing and security-related services. DGS currently provides services to Delta and other airlines in more than 170 airport locations in the continental United States, Alaska, Hawaii, Guam and the Bahamas.

Argenbright Holdings is a privately-held, U.S.-based parent company led by Frank Argenbright, whose portfolio has included contract security and aviation support services companies.

The transaction is expected to be completed by the end of 2018. Tom Marano of Argenbright Holdings will become Chief Executive Officer of the new company, along with Karan Ishwar as Chief Financial Officer, Adam Taylor as President of Aviation and Don Ridgway as Chief Customer Officer. Additional leadership assignments are forthcoming.

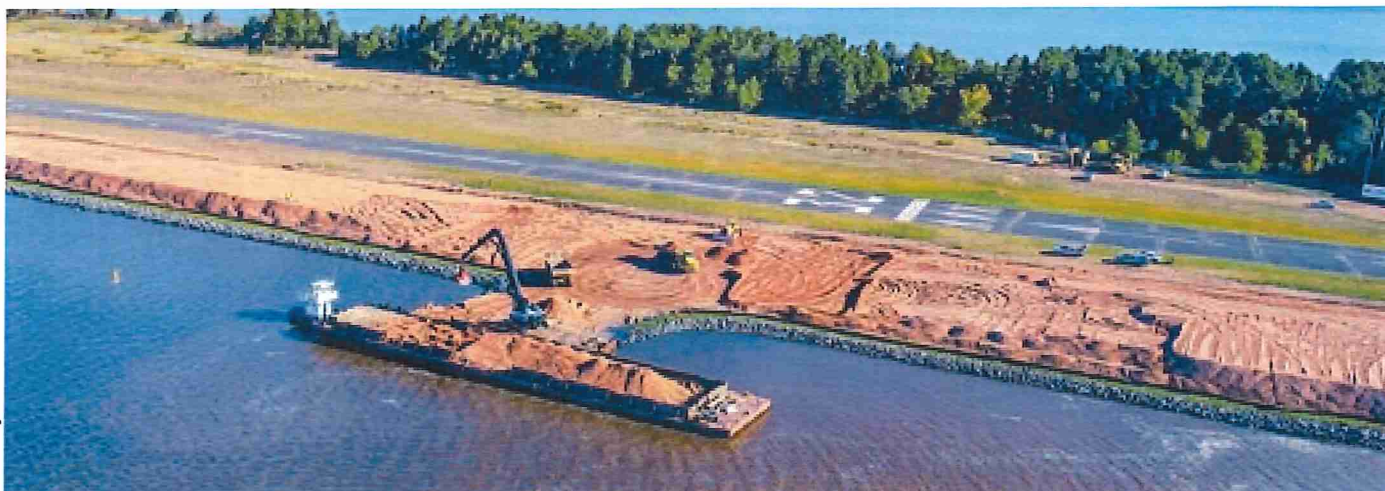
### **About DGS**

Delta Global Services (DGS) is a leading aviation services provider offering aviation, staffing and security-related services to Delta and other airlines in more than 170 airport locations in the continental United States, Alaska, Hawaii, Guam and the Bahamas. Founded in 1995, DGS has a diverse customer base, a robust menu of creative solutions and services, a focus on safety and a commitment to attracting and hiring great people. Headquartered in Atlanta, DGS is the only aviation services and ground handling company in the U.S. recognized with OSHA VPP STAR status. Additional information is available at [www.dalgs.com](http://www.dalgs.com).



## Sky Harbor runway relocation enters new phase

Courtesy SEH



The second phase of a runway relocation project at Duluth's Sky Harbor Airport took off in early September and continued through October. Phase two is focused on adding surcharge material to consolidate lake bottom soils and materials placed in 2017. It began with the installation

of erosion and traffic control measures followed by barge delivery and onsite placement of sand for surcharge and then topsoil. Deliveries also included timber for the submerged crib structure. The airport's paved runway and seaplane base have remained open for use.



## PORT PASSINGS

**Robert Berg Rhode**, 104, of Duluth, died August 27, 2018. Rhode was a 30-year employee of the Duluth, Missabe and Iron Range Railroad, including 19 years as chief engineer. Major projects during this period included the design and construction of the taconite-handling facility adjacent to the Duluth ore docks, the Two Harbors unique ore thawing shed using infrared heating, modernization of all old-style bridges on the Missabe, and track upgrades to accommodate current loading. He retired from the DM&IR in 1978. Rhode was a life member of the American Society of Civil Engineers and served on its national board of directors for several years. In 1956, he served on the mayor's task force on development of the major highway plan through the City of Duluth. He was preceded in death by his wife, Elizabeth Tennant Rhode, in 1979. He

is survived by three sons, a daughter, six grandchildren, 11 great-grandchildren and several nieces and nephews.

**Gary A. Nelson**, 61, passed away October 13, 2018, in Duluth. Nelson served in the U.S. Marines after high school and worked as a deckhand on the Great Lakes Fleet as well as numerous other jobs over the years. He is survived by his mother, Violet Riggio, five siblings, five nieces and nephews, extended family members and many friends.

**CORRECTION:** We carried an obituary in the summer issue of North Star Port about Bernhard Josef Abrahamsson of Denver. The correct date of his passing was May 14, 2018, and his PhD in economics was granted by the University of Wisconsin-Madison not NYU. We regret the errors.





# Duluth Seaway Port Authority

FALL 2018

## NORTH STAR PORT





**BUILDING OUR CITY**

BY SHERYL JENSEN

# The People's Airport

**THE \$9.3 MILLION SKY HARBOR AIRPORT RUNWAY REALIGNMENT PROJECT PREPARES TO WRAP UP IN 2019**

**L**ocated at the south end of Park Point between Lake Superior and the Duluth Harbor, Sky Harbor Airport is at the end of the world's largest sand spit. It was founded by William Neukom and Jack Brockaway back in 1939.

Sky Harbor started as a seaplane base. Later, in 1954, a sod runway was added which lasted until 1963, when it was paved. It provides a paved runway and two water runways, so it can accommodate amphibious, float and wheeled aircraft.

In the early 1960s, the airport was purchased by the City of Duluth. Today, Sky Harbor is operated by the Duluth Airport Authority and funded through user fees – without any taxpayer support.

Whether for business, education or tourism uses, it's a bustling transportation hub. Its capabilities are unique, since it accommodates both land and seaplane traffic.

Sky Harbor has served our region well for many decades. But after Mother Nature inevitably began affecting its runway, careful plans – designed after many studies and assessments – are in place to realign it and provide other improvements as well. Sky Harbor has been undergoing a major runway relocation project over the last two years. Construction began in the fall of 2017 and is slated to wrap up in 2019.



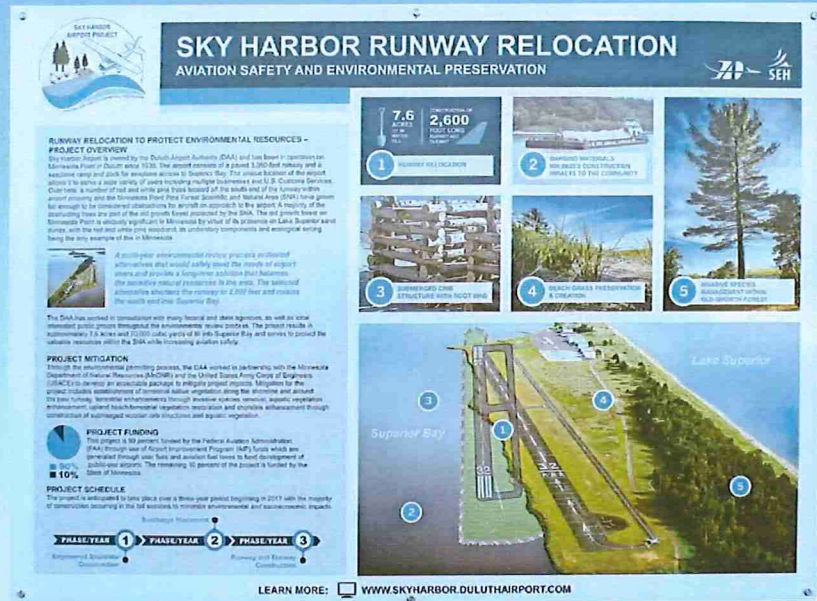


# SKY HARBOR AIRPORT RUNWAY REALIGNMENT

## OLD-GROWTH FOREST ENCROACHMENT

Several years ago, the Minnesota Department of Transportation (MNDOT) took note that the protected old-growth forest was encroaching upon the runway's southern approach.

It found that "these obstructions include up to 599 trees that penetrate the approach surface and up to 1,286 trees that penetrate the transitional surface. The majority of these trees are located within the Minnesota Point Pine Forest Scientific and Natural Area (SNA), consisting of a mix of red and white pine old growth trees, situated on the sand dunes of Minnesota Point."





## BUILDING OUR CITY

However, proposals to remove about 300 trees were opposed by a number of area residents, the Park Point Community Club and the Minnesota Department of Natural Resources. MNDOT allowed Sky Harbor to provide pilots continued use of the runway with a special temporary waiver. But the airport was also required to devise a plan to clear

### *Protected old-growth forest was encroaching upon the runway's southern approach.*

the approach to Runway 32 to meet established standards required to maintain a Minnesota airport license and to comply with Federal Aviation Administration requirements. Not meeting these requirements threatened to limit the use of the airport and future licensing.

So in 2010, the Duluth Airport Authority began working on an Environmental Assessment (EA). Several

solutions were discussed on how to safely meet the needs of airport users and to offer a long-term solution for Sky Harbor to coexist with the area's old-growth forest environment.

### SEH EXPERTISE

Short Elliott Hendrickson Inc. (SEH) is a company of engineering, architecture, environmental and planning consultants who serve public and private sector clients. Its integrated teams of engineers, architects, planners and scientists facilitate a variety of projects working with clients through the whole process of funding, planning, design and construction.

SEH was selected to work on the Sky Harbor project and to provide expertise that included the analysis of several projected plans. The team at SEH came up with the solution to protect the old-growth forests by creating a new runway and perimeter berm. This selected alternative shortens the runway to 2,600 feet and rotates the south



end by five degrees into Superior Bay, built upon on a foundation of seven acres of fill. This means that the runway points toward the water, rather than the trees.

Brandon Twedt, PE, is an airport engineer, drone pilot and technology expert with SEH. He worked on the Sky Harbor project first in the early stages to help prepare the Environmental Assessment and later in defining both the best plan for the runway relocation and for upgrading aging infrastructure.

Twedt leads the company's drone program and used a drone for the Sky Harbor runway relocation project. Doing so enabled SEH's team to more clearly understand what pilots would actually see when they were approaching

### *Several solutions were discussed on how to safely meet the needs of airport users.*

the new runway. It also helped the firm identify a need for more "PAPI" (Precision Approach Path Indicators) lighting – color-coded light arrays that are positioned beside runways that serve pilots as navigational aids. The drone footage was also used to create a conceptual runway video, so that airport staff and tenants could actually visualize future flight paths of aircraft on the new, realigned runway.

"The airport will also be getting instrument procedures for the runway, including GPS and navigational safety measures," said Twedt.

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## SKY HARBOR AIRPORT RUNWAY REALIGNMENT

### ENVIRONMENTAL MITIGATION

The Duluth Airport Authority, working in concert with MNDNR and the U.S. Army Corps of Engineers throughout the environmental permitting process, developed an environmental mitigation plan that includes: establishing native vegetation around the new runway and along the shoreline; and enhancing vegetation through upland beach/terrestrial vegetation restoration as well as aquatic vegetation.



### PROJECT PHASES

The project includes a preliminary phase as well as three more phases encompassing these key components, as Sky Harbor Runway Relocation Newsletters have explained.

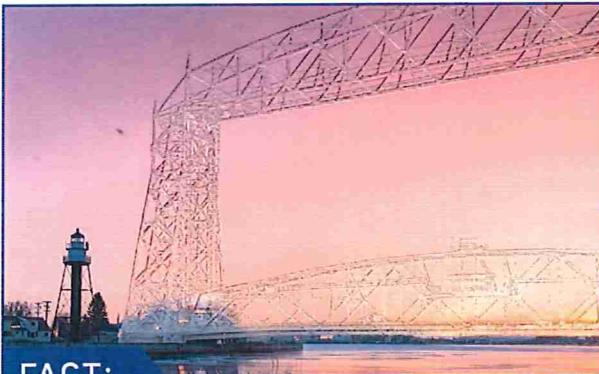
The Perimeter Berm Stage, completed last fall, included building the perimeter berm and excavating about 8,600 cubic yards of material from the lake bottom.

Phase 1 included placing fill within the perimeter berm and installing riprap (loose stone used to form foundations) around the project perimeter to provide for erosion control, as well as building a new retaining wall for the sea-plane base.

Phase 2: Delivery of about 90,000 tons of sand to the project site was completed by October 13, which means surcharge (added

fill) material placement within the runway's new footprint will proceed. Consolidation of loose soils in the lake bed soils is under way and surcharge loading has begun. The surcharge will stabilize over the next six to nine months within the existing runway safety area (until about early summer).

Phase 3: Excess surcharge will be removed, at which point the realigned runway and taxiway will



### FACT:

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## BUILDING OUR CITY

be built. Other projects include new lighting and new grading. This phase is scheduled for late summer/early fall of 2019.

Non-native plants on areas of Duluth Airport Authority property at the project site were also cleared out by early October. Native seed and plant collection have been completed, too. Plants will be protected in a greenhouse this winter and transplanted after the project site is

***“The relocation project is a critical one that will affect generations to come.”***

– EXECUTIVE DIRECTOR TOM WERNER,  
DULUTH AIRPORT AUTHORITY

ready. Northland Constructors of Duluth Inc. is the primary contractor on Phases 1 and 2, with Hunt Electric Co. also on the job as subcontractor. Northland Constructors Project Manager Charlie Bell said Phase 1 went well and Phase 2 was on track for a mid-October completion. He also said the Duluth Airport Authority

and SEH “have been great to work with and we’re glad to be a part of this project.”

### FUNDING A CRITICAL PROJECT

The Federal Aviation Administration, through Airport Improvement Program (AIP) funds, is providing 90 percent of the funding for the approximately \$9.3 million project. AIP funds are generated through user fees and aviation fuel taxes which are used to fund development of public-use airports. The State of Minnesota picked up the remaining 10 percent of the project tab.

Executive Director Tom Werner of the Duluth Airport Authority broadly oversees activities at Sky Harbor in addition to his responsibilities at the Duluth International Airport. He knows firsthand how vital the Sky Harbor project is to the pilots who use it and to the regional economy, due to the economic benefits the airport brings.

“The relocation project is a critical one that will affect generations to come. There has been a struggle for decades to deal with the question of the old-growth trees,” said Werner. “Our aim was always to have the natural area coexist with the airport. After 10 years of environmental assessment to select the best from among 13 to 14 suggestions [plans], we came up with the most viable.”

### AMENITIES FOR FLYING ENTHUSIASTS

When the project is completed next year, pilots will experience the benefits of the realigned runway. And if they’ve flown into or out of Sky Harbor in the past, they’ve already experienced the many amenities it offers. They include: paved tie-down spots for daily and monthly parking; underwing camping; towing for seaplanes in and out of the water; low-lead fuel with 24-hour self-service availability with a credit card; and on-site mechanic service and maintenance.

## HARD HAT HEADLINES

Duluth Under Construction  
Projects currently in  
the construction phase:

- Altec Industries Inc. expansion
- Duluth International Airport  
– runway reconstruction
- Hawk Ridge Estates  
– third and final development stage
- Sky Harbor Airport  
– runway realignment
- Topper’s Pizza  
– Lincoln Park, Duluth and  
Superior, Wis. locations
- UMD Heikkila Chemistry and  
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- UMD Romano Gym remodeling

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## SKY HARBOR AIRPORT RUNWAY REALIGNMENT



The airport also offers a pilots' lounge (with 24-hour access) that provides Wi-Fi, Internet and printing

***"The airport will also be getting instrument procedures for the runway, including GPS and navigational safety measures."***

— ENGINEER BRANDON TWEDT,  
AIRPORT PLANNING AND DESIGN — SEH

is available on the MNDOT weather computer. Access to rest rooms and food and beverage vending is also provided. A courtesy car is available on a first come, first served basis.

Since U.S. Customs services are available for inbound travelers who provide advance notice, Sky Harbor also serves as a convenient, less- hectic port of entry. On average, more than 500 visitors enter the U.S. through Sky Harbor annually.

Located at the end of Sky Harbor is Hangar 10 Aero Supply, a company specializing in aircraft restoration and building projects with a full line of poly-fiber products.

### HOME BASE FOR OTHER ORGANIZATIONS

There is activity on many other fronts at Sky Harbor, too. And keeping everything running

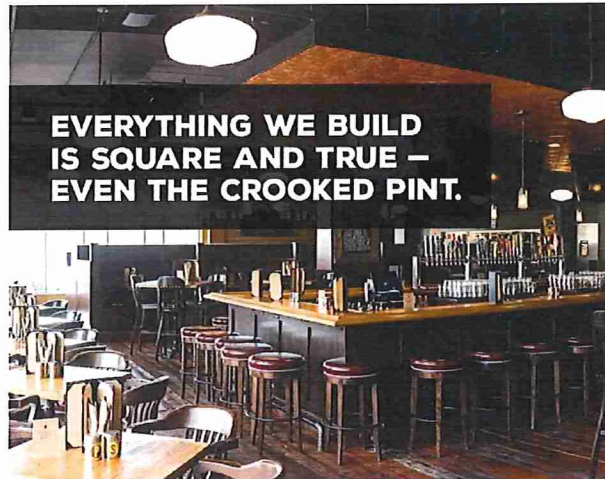
smoothly is Airport Manager Brian Madsen, who describes himself as the "jack of all trades." Madsen has also worked on committees to provide ideas on developing standards for Sky Harbor Airport.

"My responsibilities include maintaining the building, fuel, customer service — basically everything to keep the airport running smoothly," Madsen said. He explained that pilots who use Sky Harbor Airport are mostly local and regional, with some hailing from other parts of the U.S. — and that there's a good mix of people flying for business or for pleasure.

He also helps oversee the

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## BUILDING OUR CITY

***"It provides a unique niche in our regional aviation."***

— PRESIDENT AND CEO BRIAN HANSON — APEX

hangar space and the other tenants and organizations on-site, which include Beaver Air Tours and the Duluth Aviation Institute.

Beaver Air Tours provides aerial sightseeing tours of Twin Ports landmarks including the North Shore, Canal Park, Duluth's Aerial Lift Bridge, the ore docks, ship facilities on the waterfront, Spirit Mountain, Glensheen Mansion and Pattison State Park, located just south of Superior, Wis., among others.

The Duluth Aviation Institute (DAI) is a nonprofit organization established to maintain the Northland's heritage and to build excitement with a new generation of flight enthusiasts

through its K-12 aviation, math and science education. Using the Sky Harbor as its base of operations, last year, DAI worked with more than 900 students to help them see how aviation is critical to the Duluth economy.

### AVIATION BOOSTS LOCAL BUSINESSES AND ECONOMY

The Area Partnership for Economic Expansion (APEX) is a regional economic and business development organization that works to help retain, expand and attract businesses to Northeastern Minnesota and Northwestern Wisconsin.

As APEX's president and CEO, Brian Hanson has served on several business development committees — including being involved in discussions on the Sky Harbor Airport. In addition, APEX is a member of the Northern Aero Alliance,

a collaboration of aviation industry and agency stakeholders centered in Duluth. The Alliance's vision is "to increase the economic prominence of Northeast Minnesota's and Northwest Wisconsin's aeronautics stakeholders by providing a common voice and working collaboratively to enhance industry-wide success."

Other Northern Aero Alliance members are: American Precision Avionics; Cirrus Aircraft; GreyStar Electronics Inc.; IKONICS Corp.; Northstar Aerospace; SCS Interiors; Product Development Machine; AAR Aircraft Services Duluth; Lake Superior Helicopter; Meyer Borgman Johnson; Monaco Air Duluth; Superior Flying Services; Lake Superior College; Wisconsin Indianhead Technical College; 148th Fighter Wing; City of Duluth; Duluth Air and Aviation Expo; Duluth International Airport; Duluth Seaway Port Authority; Hermantown Area Chamber of Commerce; Minnesota Power — An ALLETE Company; RS&H; and the Arrowhead Regional Development Commission. As the APEX website notes, results of a 2017 Minnesota Department of Employment and Economic Development economic impact study shows the aviation sector "continues to grow and expand, providing an excellent source of living-wage jobs in the APEX region."

That study also states that "Compared to a study conducted in 2007, the regional aviation sector



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## PROJECT

# SKY HARBOR AIRPORT RUNWAY REALIGNMENT

**COST:** approximately \$9.3 million

**START DATE:** fall 2017

**COMPLETION DATE:** late summer/early fall 2019

**FEATURES:** The project is designed to safely meet the needs of airport users and offer a long-term solution for Sky Harbor to coexist with its old-growth forest environment. It includes a perimeter berm, realigned runway that points to Lake Superior, new taxiway, new lighting and grading, in addition to native vegetation planting.

**CHAMBER MEMBERS INVOLVED:** City of Duluth, Duluth Builders Exchange, Duluth Airport Authority, Hunt Electric Corp., Northland Constructors, SEH, Veit Companies.





## SKY HARBOR AIRPORT RUNWAY REALIGNMENT



has increased by 39 percent. Currently, aviation adds \$646 million to the regional economy and directly supports nearly 3,500 jobs. Today, aviation jobs are in high demand.

***"Sky Harbor is so valuable to the area. It provides jobs for several businesses and provides fuel sales tax. It brings tourists here."***

— SKY HARBOR AIRPORT  
MANAGER BRIAN MADSEN

With events and outreach targeted toward high school students, Northern Aero Alliance (NAA) is introducing the next generation of workers to the aviation industry."

At a Lake Superior College event last year, Hanson said, "In addition to a world-class airport facility, our region offers manufacturing, maintenance,


services, transportation and cargo opportunities for the aviation industry. The region's solid foundation is attractive to businesses that require aviation-related infrastructure."

"I am glad to support all efforts to maintain a strong aviation presence," Hanson said of the runway relocation project. "Sky Harbor is an asset to the community by helping with the local economy. It provides a unique niche in our regional aviation. We are pleased that the runway project will meet the goals to protect the trees while providing a safer, better way for airplanes to come into Sky Harbor."

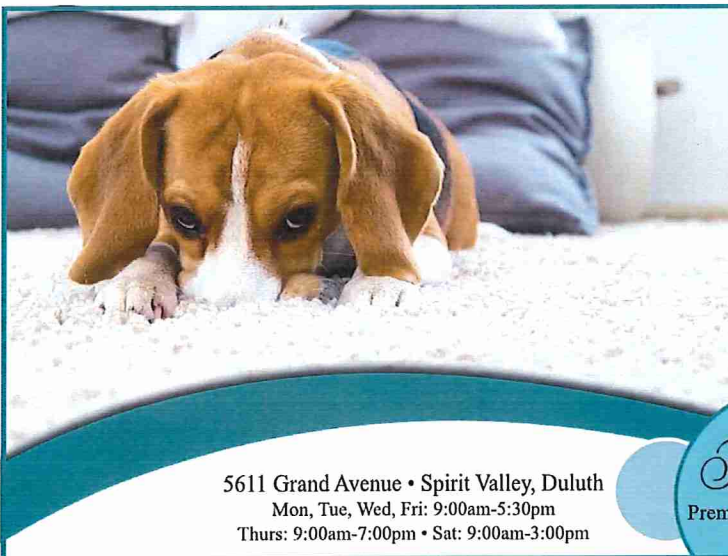
### THE PEOPLE'S AIRPORT

Sky Harbor has been called the "people's airport." As the world's farthest inland seaport, it boasts beautiful vistas of the city and lake. Excitement is building, since the

project is over two-thirds complete. "Sky Harbor is so valuable to the area," Madsen said. "It provides jobs for several businesses and provides fuel sales tax. It brings tourists here to enjoy restaurants and shopping. And it provides another way for people to see our beautiful city and the lake from the air."

Werner is very pleased about the fact that this project is being done without a property tax levy. "We would still like to add hangars and to do whatever we can to make Sky Harbor Airport valuable to our customers," he said. "We are here to promote local aviation and to help it thrive. We work hard to be good neighbors and at the same time, position Sky Harbor Airport to fulfill its mission supporting our community." 

Sheryl Jensen is a Duluth-based freelance writer.



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IKB

Mary Ann Wittkop

---

**From:** Don Monaco <donm@monacoairduluth.com>  
**Sent:** Saturday, December 1, 2018 7:44 AM  
**To:** Tom Werner; 'kbutler@kenbutlerlaw.com'  
**Cc:** 'Dave Gaddie (dgaddie@bankrepublic.com)'; 'Greg Fox (gregandsheilafox@hotmail.com)'; 'Bill King (BKing@cirrusaircraft.com)'; Michael A. Magni; 'Pat Mullen (MP)'; 'Richard Stewart (RStewart@uwsuper.edu)'; 'Steve Overom'; Mary Ann Wittkop  
**Subject:** November, 2018 Monaco Air Foundation Report

Tom and Ken,

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

Summary of November, 2018 Activities

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

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

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

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

Respectfully submitted,

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



IVC

U.S. Department of Homeland Security



**U.S. Customs and  
Border Protection**

December 4, 2018

DULUTH INTERNATIONAL AIRPORT (DLH)  
Duluth Airport Authority  
4701 Grinden Dr  
Duluth MN 55811  
ATTN: Mr. Blaine Peterson

RE: US Federal Inspection Service (FIS) at Duluth International Airport in Duluth, MN

Mr. Peterson,

This letter is to confirm acceptance of the CBP Federal Inspection Service space within the airport property of Duluth International Airport as of the date of this letter.

This facility was reviewed for compliance with the U. S. Customs and Border Protection, Office of Administration, Facilities Management and Engineering, Airport Technical Design Standard, Passenger Processing Facilities (ATDS) dated August 2006. This review is designated as:

Accepted as Noted: Please see the comments below.

This approval is conditional, and only valid in consideration of the following:

- U.S Customs and Border Protection inspection, office, support areas, and areas where passengers traveling to the United States traverse, and or wait.
- In consideration U. S. Customs and Border Protection, Office Design Standards as it is on the date of this letter.
- In consideration of the August 2006 ATDS on the date of this letter, and is subsequent to future releases while this facility remains in operation.
- This review is an operational review and does not eliminate compliance with the specifications as noted in the ATDS.
- This review does not take into consideration compliance with any code, architectural, or engineering requirements, or alleviate compliance with any portion of the ATDS.
- The facility and furnishings are maintained to acceptable standards.

Please submit any questions, and or requested documents to your CBP Project Manager.

Regards,

**Michael A Trout**

Michael A Trout  
Project Manager  
Field Operations Facilities Program Management Office  
Facilities Management & Engineering, Office of Administration  
U.S. Customs and Border Protection

**IVP**

Mary Ann Wittkop

---

**From:** Rick Swanson  
**Sent:** Thursday, December 6, 2018 5:38 PM  
**To:** Alan Widell (alan.j.widell.mil@mail.mil); Barb Michelizzi (Republic Parking); Benita Crow (SEH); Bill Kuhlmeier (ARFF); Blaine Peterson; Brian Madsen; Budget Car Rental; Casey Erickson (148th ANG SFS); Charles Wall (Oakwells Arrowhead Tap House); Chris Rankila (AAR); Dan Desanto (Cirrus); Dan Monette (TSA AFSD); Dan Taylor; Dan Traska; Darren Christopher (RS&H); Duane Johnson (johnsond@co.st-louis.mn.us); Edmund Stuart (ARFF); Eric Monson (LSH); Garrett Johnson (FAA); Helen Kallberg; Security; James Picconatto (148th ANG SFS); Jamey Nord (148th ANG Antiterrorism); Jana Kayser; Jeffrey Kreager (148th ANG SFS); Jerilee Buggert (FAA); Joe Klainert (FedEx); Joelle Bodin; John Orrey; Joseph Solberg (148th ANG CES) (joseph.v.solberg.mil@mail.mil); 'Juszczak, Alan'; Justin Zoss (TSA); Kaci Nowicki (SEH); Karyn Shold (CBP); Kathy Carver; 'leslie.carlson@rsandh.com'; Lysher, Daniel E MSgt USAF 148 FW (US) (daniel.e.lysher.mil@mail.mil); Mark Ketterer (AAR); Mark Vavra (Col. 148 ANG); Mark Wasserbauer (148th ANG); Mary Ann Wittkop; Mike Magni; Natalie Peterson; Paul Sinnott; Peter DeSutter (AAR); Rick Swanson; Rob Cotter (Allete/MN Power); Robert (RJ) Kotter (ARFF); Robert E. Missinne; Robert Lender (FAA); Ryan Blazevec (148th ANG CE); Ryan Welch; Scott K. Poldoski (scottkp@monacoairduluth.com); Scott Rautio; Scott Wright (DGS); Sharon Miller (N/A/E Car Rental); Shawn McMahon (SEH); SMSgt 148th MMS Allen Young (allen.g.young.mil@mail.mil); Special Projects; Stephanie Howe (BOP duluth Secretary); Steve Cauchon (Avis); Steve Wabrowetz; Steven Eliason (steven.d.eliason@cbp.dhs.gov); Tanya Hanson (DGS); Thomas Klovstad (CBP); Tom Werner; Travis Lee (Marsden); Troy Roberts; Tyler Rule (148th ANG SFS)  
**Cc:** Garrett Johnson (FAA)  
**Subject:** DAA monthlu Ops Tenant Meeting 12.06.2018

12/06/2018;

Attending: DGS / Monaco Air / DAA Airfield / DAA Operations / DAA Finance / FAA ATCT / SEH Engineering / GSSC / LSC / 148<sup>th</sup> Airfield / 148<sup>th</sup> ARFF / Allete / AAR

DAA

- o Monday DAA will meet with FAA to go over Phase 3 of the airport runway project which will start mid-May 2019 lasting until the end of August 2019 to include discuss moving the glide slope.
- o Meeting with Phase 3 contractor (Schafer) end of January 2019 for coordination of their schedule and preparation.
- o Air Show in July 2019; Blue Angels are ok with 7000' of runway available for their performance. They however want to test the 149<sup>th</sup> ANG barrier cable prior to the air show.
- o Updated 11/23 incident of vehicle breaching the airport through Gate 28V.

Monaco Air

Is Jet Bridge #1 problems of heater and computer "card" been addressed? Charter flight tomorrow morning at 0500 hrs. DAA reports Jet Bridge is operational and is available for the 0500 flight.

DGS

Delta Airlines sold Delta Global Services to another company; DGS servicing of airline operations continue as normal.

DAA Airfield

The gates and fences damaged during the 11/23 airport vehicle breach are to be repaired today by Century Fence.

FAA

Accolades to Dan Taylor (DAA) for quick decisive action in closing the airport immediately upon observing the incident of 11/23, his actions prevented a FAA deviation report.

AAR

Pete DeSutter will be replacing Mark Ketterer in representing AAR at the Airport / Tenant Operations Meetings.. "Operation Hat Trick" Hats (baseball or knit) are for sale at AAR.

ALLETE

Expressed appreciation for the excellent work of the DAA Airfield Maintenance in maintaining airfield hard surfaces for their aircraft movement.

LSC

Hangar door is still a little stiff. Referred to Ryan Welsh.

**Next meeting is January 3<sup>rd</sup> at 0900am, hosted by the FAA.**

**FAA meeting room is located on the second floor the air traffic control tower building. A tour of the TRACON will be offered following the meeting.**

**FAA wishes to remind you that if an attendee is not a US citizen they must pre-register with the FAA their intent to attend this meeting at least 2 weeks prior. Contact Garrett Johnson (FAA admin 218-722-7326).**

Richard Swanson  
Security / Badging Coordinator  
Duluth International Airport (DLH)  
4701 Grinden Drive  
Duluth, MN 55811  
(218) 625-7772  
(218) 340-5678  
[swansonr@duluthairport.com](mailto:swansonr@duluthairport.com)





IVE



## SKY HARBOR RUNWAY RELOCATION NEWSLETTER

### AVIATION SAFETY AND ENVIRONMENTAL PRESERVATION

NOVEMBER 2018 – VOLUME 10




#### Learn More:

Project newsletters including construction updates and photos will be distributed and posted on the airport website monthly. If you would like to be emailed the monthly newsletter, please contact Brandon Twedt (contact info below).


 [skyharbor.duluthairport.com](http://skyharbor.duluthairport.com)

**Brandon Twedt, PE**  
Project Engineer  
Short Elliott Hendrickson, Inc. (SEH)

 651-329-0133

 [btwedt@sehinc.com](mailto:btwedt@sehinc.com)

**Brian Madsen**  
Sky Harbor Airport Manager  
Duluth Airport Authority

 218-733-0078

 [bmadsen@duluthairport.com](mailto:bmadsen@duluthairport.com)



#### PROJECT UPDATE:

##### **Substantial Completion has been achieved for Phase 2 of the project!**

Topsoil delivery and placement, together with seeding/mulching items within Phase 2A, is complete. The contractor has started removing equipment and job site resources from the airport now that work has concluded.

Remaining work elements for Phase 2 to be completed in the Spring of 2019 includes placement of submerged log crib structures.

The contractor will continue the building process for the structures over the winter months. The placement in water was delayed until the Spring of 2019, due to weather restrictions.

With Substantial Completion achieved for the project, this will be the last monthly newsletter for 2018. These newsletters will resume when construction activities begin in the spring of 2019.



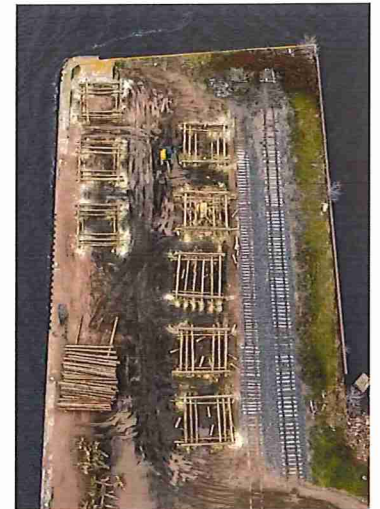




## SKY HARBOR RUNWAY RELOCATION NEWSLETTER

### AVIATION SAFETY AND ENVIRONMENTAL PRESERVATION

NOVEMBER 2018 – VOLUME 10





### **Pilot Shortage – Why Iowa Should Be Concerned**

Air service is critically important to each of our state's key economic drivers. Iowa's largest employers rank commercial air service in the top three factors influencing expansion and relocation decisions. Recently, major business relocations in other parts of the country have supported what our employers have stated: After nearly a century, Caterpillar moved their corporate headquarters from Peoria, IL to Chicago, citing reliable air service as the top issue affecting the decision. The same story played out with Archer Daniels Midland, which moved from Decatur, IL to Chicago. Chiquita left Cincinnati for Charlotte and Krystal left Chattanooga for Atlanta. A severe lack of qualified pilots is causing a contraction of air service nationwide. Until we reverse that trend, we should expect more employers to chase reliable service.

The aerospace industry is an important part of the Iowa economy and supports thousands of jobs. The Iowa Department of Transportation-Office of Aviation identified 25 businesses in which manufacture products or provide services that support the aviation and/or aerospace industries. Combined, these businesses account for over 30,000 jobs, an annual payroll of \$2.1 billion, and an annual economic output of \$3.9 billion. Without pilots, the airline industry suffers. As the industry declines, so do the thousands of jobs that support it.

By 2026, Iowa's annual economic loss due to the pilot shortage will top \$741 million and 7,000 jobs. The 10-year cumulative loss to Iowa's economy is \$3.9 billion. (Data from "A Man-Made Disaster" by Flightpath Economics.)

### *So, why should Iowa be concerned?*

The national pilot shortage is a very real threat to air service connectivity for every community in Iowa. Iowa's air transportation system consists of eight commercial service airports: six non-hub airports and two small hubs – Des Moines (DSM) and Cedar Rapids/Iowa City (CID).

To some extent, every airport in the state will be negatively impacted. In total, 77-percent of Iowa's air service is on a regional airline. The majority of every airport's departures is on regional aircraft: 63-percent of Des Moines, 84-percent of Cedar Rapids/Iowa City, and 100-percent of Waterloo, Burlington, Dubuque, Fort Dodge, Mason City, and Sioux City. (Data from the Regional Airline Association.)

Of equal value in Iowa's aviation system is our General Aviation facilities. These facilities support valuable medical flights, charter flights, and ag aviation operations. All segments of Iowa's aviation system and, therefore, our communities are feeling the negative economic consequences of the workforce shortage.



Regional airlines are the primary source for new hire pilots for mainline carriers. With Delta, United, Southwest, and American in a hiring frenzy the airlines that provide 77-percent of Iowa's daily departures are experiencing a critical shortage of pilots.

Industry forecasts predict by 2021, the national system will be short 5,000 pilots. Without the pilots, 500 aircraft will be grounded. The pilot shortage swells to nearly 15,000 by 2026 and nearly 1,500 aircraft – currently flying regular routes – will be parked. This is in spite of the fact that pay for regional airline pilots is higher than ever. Even as pay increases, so does the shortfall of pilots. Money will not fly the airplane.

#### *What can be done?*

There is no silver bullet to solve this problem, but rather a handful of solutions for consideration.

First, the FAA needs to approve additional pathways for pilots to accrue the hours necessary to get licensed. This needs to be done carefully, according to the best available science and technology, and with safety as the top priority. By changing the way we think about training and time building, we can actually improve the quality of our young pilots and the safety of our skies.

Second, we need to make pilot training more accessible. Training is prohibitively expensive and not eligible for traditional student financial aid and education loans. Iowa boasts world-class aviation institutions that would benefit from reforms. Some of these institutions include; University of Dubuque, Indian Hills Community College, Iowa Lakes Community College, and Iowa Western. Additionally, Iowa's airport system support numerous, often family-owned and operated, flight schools that would also benefit.

Pilot training needs to be modernized and data-driven. The system should move prospective pilots safely and efficiently through their education, not erect arbitrary barriers to entry and completion. Those in the aviation business need to encourage more young people to consider the profession.

More importantly, the entire industry needs to come together and work with government to address the problem. We cannot afford to see this through a competitive lens, pitting airlines, airports, and communities against each other.

#### *What can Iowa do?*

Working together, we can make a difference, but this is no time for "Iowa nice." We need to talk openly and candidly about the economic impact of this growing problem. We need direct involvement from Iowa's congressional delegation, community development leaders, state and local elected officials and airports. We need more voices.

Iowa's economy demands a strong and robust commercial air service system. The time to act is now.

Please contact your elected representatives and urge them to act and help solve the national pilot shortage problem.



Martin Lenss  
Eastern Iowa Airport



Kevin Foley  
Des Moines International Airport



Mary Baird  
Southeast Iowa Regional Airport



Robert Grierson  
Dubuque Regional Airport



Rhonda Chambers  
Fort Dodge Regional Airport



Keith Kaspari  
Waterloo Regional Airport



Pamela Osgood  
Mason City Municipal Airport



Mike Collett  
Sioux Gateway Airport



David Sims  
Mason City Municipal Airport



Mike Roe  
Washington Municipal Airport



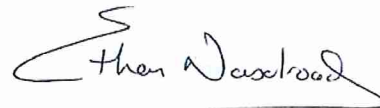
Michael Tharp  
Iowa City Municipal Airport



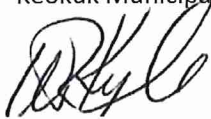
Don Mensen  
Carroll Municipal Airport



Greg Gobble  
Keokuk Municipal Airport



Ethan Nasalroad  
Johnson Aviation, Newton, Iowa



Bill Kyle  
Northeast Iowa Regional Airport



Todd Dalsing  
Dubuque Regional Airport



Andy Maysent  
McClure Engineering, Clive, Iowa

IV G



## City of Duluth Communications Office

411 West First Street, Duluth, Minnesota 55802 218-730-5230 | [www.duluthmn.gov](http://www.duluthmn.gov) |  
Emily Larson, Mayor  
Pakou Ly, Public Information Coordinator, 218-730-5309

### City of Duluth Combining Departments for Greater Impact

[Duluth, MN] – With a commitment to customer service, further reducing red tape and better aligning efforts in high-impact customer areas, the City of Duluth is combining two departments - Business & Economic Development and Planning & Construction Services – into one. Effective today, Planning & Economic Development will operate under the direction of Keith Hamre, with his appointment pending final confirmation by the Duluth City Council at their Dec 10<sup>th</sup> council meeting.

Keith Hamre has been serving the City of Duluth for 21 years in a variety of roles – most recently as Director of Planning & Construction Services. Hamre will hold this position and work to transition the two departments into one cohesive work group until his retirement in August 2019. A broad candidate search will commence in the spring of 2019 for his replacement.

“I have been committed to providing the best quality services since I started working with the City in 1997. Our staff does phenomenal work, and they take great pride in finding new and better ways to achieve real and meaningful results. Under this arrangement, we aim to build on that excellent history, where the public will experience better customer care, improved communications, greater consistency in the project development process and overall stronger alignment between mission and vision of our organization,” said Hamre.

Mayor Emily Larson is eager to get to work with this new configuration, “Duluth is on the front edge of important economic and community growth, and it’s time for us to more fully build out an integrated staffing approach to development. From supporting the launch of our Medical District projects to harnessing the full potential of Opportunity Zones, it is critical that we are integrating the values and vision of our comprehensive plan, Imagine Duluth: 2035, into all that we do, and responding to the call for greater efficiency, clarity and interdepartmental communication to better benefit our development and business community.”

The change was well received by the Duluth Area Chamber of Commerce. “I am delighted that Mayor Larson and Noah Schuchman selected Keith Hamre to lead this transition. I have worked alongside Keith for over twenty years. He is a talented, intelligent and hard-working leader who will successfully lead this important effort. Mayor Larson’s leadership team can count on the Chamber to partner with them as they bring structure to their enhanced economic development initiative,” said David Ross, President & CEO of the Duluth Area Chamber of Commerce.

This is the first organizational announcement made with Noah Schuchman as the City of Duluth’s Chief Administrative Officer. “At the City of Duluth, our focus is on serving the best interests of the community. By merging these departments, our staff will be able to increase communication across divisions and continue to remove barriers for the public. I thank them for their hard work and dedicated service. Special thanks to Keith Hamre for taking on this additional responsibility – his retirement will be a loss to the City of Duluth, but his energy and vision will be critical to moving this new department into the future.”

The newly formed Planning & Economic Development department will include 33 team members in the divisions of Economic Development, Construction Services & Inspections and Community Planning. This change brings the City of Duluth into alignment with major Minnesota cities in closely tying economic development and community planning staff to better serve the community. The department is located in room 110 of Duluth City Hall with Economic Development staff temporarily housed in Room 402.

**NEW BUSINESS**

~~VII~~ A

## **St. Luke's Partner Sponsorship Agreement**

### TERMS:

- Length of Agreement - 2 years – Effective January 1, 2018
- Rates - \$15,000/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, St. Luke's 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.

### ARGUEMENT OVERVIEW (CONTEXT):

- Contract Category – New contract
- This is the first agreement with this organization/business.
- Location of advertising – Business Service Center – Club DLH
- Additional sponsorship benefits – 1 corporate surface parking pass and 5 business service passes.
- Benefit for DAA – This is a revenue opportunity for our new business traveler amenity in the airport.

Prepared by: Natalie Peterson



## SPONSORSHIP AGREEMENT

This Sponsorship Agreement (the "Agreement") is entered into as of December 15, 2018 ("Effective Date") between Duluth Airport Authority ("DAA") and St. Luke's Hospital of Duluth, ("St. Luke's").

**WHEREAS**, DAA operates the Duluth International Airport ("Airport") including its new passenger terminal facility ("Terminal"); and

**WHEREAS**, St. Luke's desires to be a partner sponsor at the Airport and advertise within the Terminal its products and services.

**WHEREAS**, DAA desires to have St. Luke's as a partner sponsor and to provide a presence 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 which is hereby acknowledged, the parties hereto agree as follows:

1. **Term of Agreement.** This Agreement will commence as of the Effective Date and will continue for a period of two (2) years unless earlier terminated in accordance with the terms of this Agreement.
2. **Placement in the internal Business Club area and external door in the second level secure area and on marketing materials for the business club.** DAA grants to St. Luke's the use of the internal business club area and external door along with the brand on the marketing collateral for the business club. See the locations of which are identified on Exhibit A. St. Luke's agrees that the branding graphics shall be used solely for the purpose of promoting St. Luke's products or services and shall not be used for any other purposes. St. Luke's shall be responsible for all costs related to the design, concept, look and feel of the content regarding the St. Luke's brand in the internal business club area and external door. The business club content is subject to the prior written approval of DAA's Executive Director or designee (the "Executive Director"). DAA shall contract for the installation of the graphic content in the internal business club area and external door. DAA and St. Luke's shall equally split the costs of installing the graphic content. St. Luke's may change the graphic content on an annual basis. In such event, St. Luke's shall be responsible for the production costs associated with the changed graphic content, DAA shall contract for the installation, and the DAA and St. Luke's shall equally split the installation costs. If St. Luke's chooses to change the graphic content more frequently, St. Luke's shall be solely responsible for production of the graphic content, its installation, and all costs associated therewith.



3. **Additional Sponsorship Benefits.** Provided that this Agreement has not been previously terminated, and St. Luke's is not in default hereunder, St. Luke's shall have at no additional cost to St. Luke's, the following:
- (a) St. Luke's shall have the right to utilize one (1) assigned, surface parking stall. The location of the parking stall shall be in the sole discretion of the Executive Director.
  - (b) St. Luke's shall have the right to utilize five (5) business passes to the Corporate Business Centre that will be transferrable among St. Luke's designees.
4. **Exclusivity.** The exclusivity granted in Paragraph 2 shall not 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 St. Luke's. Notwithstanding the above, DAA agrees that St. Luke's will be the exclusive advertiser in the business center during the term of this Agreement.
5. **Use of Trademarks.** (a) To the extent necessary to fulfil DAA's obligations herein, St. Luke's hereby grants DAA a royalty-free, non-transferable worldwide license during the term of this Agreement to use the trademarks, service marks, logos, trade names, copyrighted content, hypertext links, domain names, icons, buttons, banners, graphic files associated with St. Luke's products (in plain and/or logo form) and all derivations thereof (the "St. Luke's Intellectual Property"). DAA shall obtain the prior written approval of St. Luke's VP of Strategy & Innovation or designee (the "VP") of any use of any logos or marks associated with St. Luke's (including, without limitation, advertisements, press releases, promotional e-mails, and/or website displays) by submitting the proposed material to the VP at least ten (10) business days' prior to the dissemination of such materials. A decision on such approval shall not be unreasonably withheld or delayed.
- (b) In addition, DAA hereby grants St. Luke's a royalty-free, non-transferable worldwide license during the term of this Agreement to use logos or marks associated with DAA or the Airport, subject to the following: St. Luke's shall obtain the prior written approval of the Executive Director any use of any logos or marks associated with DAA or the Airport (including, without limitation, advertisements, press releases, promotional e-mails, and/or website displays) by submitting the proposed material to the Executive Director at least ten (10) business days' prior to the dissemination of such materials. A decision on such approval shall not be unreasonably withheld or delayed.
6. **Restrictions on Assignment and Subleasing Space.** St. Luke's cannot sell, assign, transfer, or convey this Agreement, or assign, share, sublet its use of the corporate business club (the "Space"), or any part thereof. St. Luke's shall remain liable and responsible for performance under this Agreement. Any attempted sale,

sharing, subletting, assignment, transfer, conveyance of this Agreement or any portion of the Space in violation of this Paragraph shall constitute a breach of this Agreement.

7. **Representations and Warranties.** St. Luke's represents and warrants to DAA that:
- (a) St. Luke's owns or validly possesses the right to make, use, perform, sell and display the St. Luke's Intellectual Property at the Airport or to promote its presence at the Airport;
  - (b) St. Luke's 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 St. Luke's and is the valid, legally binding and enforceable obligation of St. Luke's in accordance with its terms; and
  - (d) the execution, delivery and performance of this Agreement by St. Luke's 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 St. Luke's is a party or by which St. Luke's is or may be bound.
8. **Indemnification.** St. Luke's agrees for itself, to defend, indemnify, and hold harmless DAA, the City of Duluth 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 the Airport, costs, damages and expenses by reason of any actual or alleged act or omission of St. Luke's or their employees, agents, or invitees in connection with or relating to (a) St. Luke's use of the Airport pursuant to this Agreement, or (b) St. Luke'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 the 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 St. Luke's will 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.
9. **Sponsorship Fee and Related Consideration.** In consideration for the rights and benefits granted to St. Luke's pursuant to this Agreement, St. Luke's shall pay to DAA an annual fee in the amount of \$15,000 (the "Fee"). The first payment shall be due upon execution of this Agreement. The remaining payment shall be due on or before the anniversary date of this Agreement. The total Fees paid under this Agreement for the two-year period shall be \$30,000.
10. **Termination.** DAA shall have the right to terminate this Agreement upon breach by St. Luke's 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, St. Luke's 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.

St. Luke's shall have the right to terminate this Agreement upon breach by DAA 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 provided, however, that if such breach is incapable of being cured within such ten (10) business days after notice, and if DAA commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as DAA is proceeding to cure such breach. In the event of termination by St. Luke's pursuant to this Paragraph, St. Luke's shall have no further responsibility for Fees due under this Agreement. In addition, St. Luke's shall have the right to pursue all other rights and remedies at law or in equity.

**11. No Third Party Rights.** This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and no other person shall acquire or have any rights created hereunder.

**12. Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Minnesota. All proceedings related to this Contract shall be venued in Duluth, Minnesota. 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, it shall be null and void to the extent thereof, without affecting the remaining provisions of this Agreement.

**13. Notices.** All written notices and/or communications hereunder shall be sent by U.S. mail postage prepaid, by overnight delivery, or personal delivery to the addresses indicated and shall be deemed delivered on the date received or refusal thereof.

Duluth Airport Authority  
Attn: Director of Market  
Development & Tenant Relations  
4701 Grinden Drive  
Duluth, MN 55811

St. Luke's  
Attn: Kim Terhaar  
St. Luke's VP of Strategy & Innovation  
  
915 East First Street  
Duluth, MN 55805

**14. Amendments; Counterparts.** This Agreement may be amended only by a written instrument signed by both parties. This Agreement may be executed in counterparts, each of which shall be deemed to be original and all of which together shall constitute the binding and enforceable agreement of the parties hereto. This Agreement may be executed and delivered by a party by facsimile or PDF transmission, which transmission copy shall be considered an original and shall be binding and enforceable against such party.



**15. Entire Agreement.** This Agreement constitutes the entire agreement between the parties. No waiver consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements or representations, oral or written, not specified herein regarding this Agreement. St. Luke's, by the signature below of its authorized representative, hereby acknowledges that St. Luke's has read this Agreement, understands it and agrees to be bound by its terms and conditions.

**IN WITNESS WHEREOF**, the parties have duly signed this Agreement as of the dates set forth above.

**DULUTH AIRPORT AUTHORITY**

**ST. LUKE'S**

By \_\_\_\_\_  
Its President

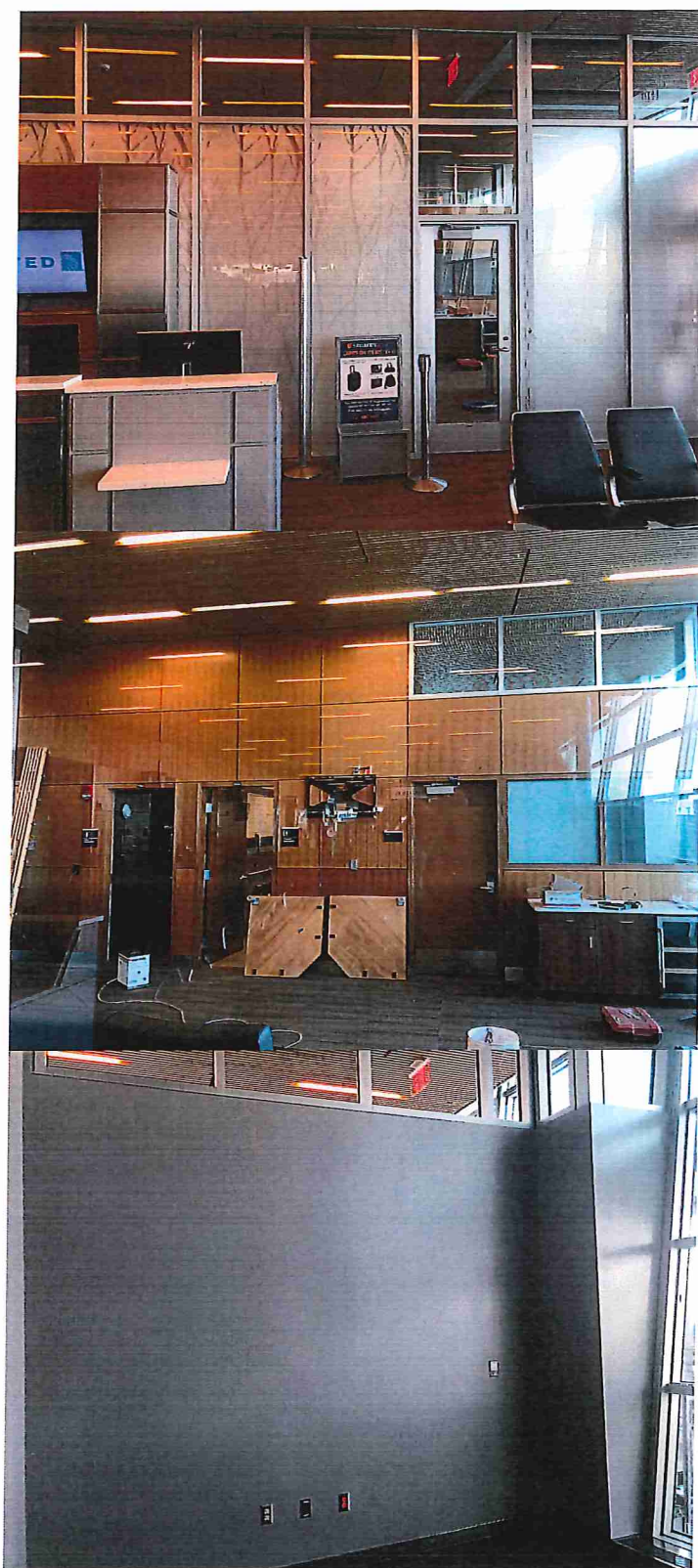
By: \_\_\_\_\_  
Its \_\_\_\_\_

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

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



EXHIBIT A





# ~~VII~~ B, C, D

## Airline Use & Lease Agreement Delta, United & SkyWest Airlines

### **Terms:**

- 24 Months, January 1, 2019- December 31, 2020

### **Background:**

- Current agreement expired 12/31/17 and we have been operating in hold over all of 2018
- Basis of old agreement was from 2011; some items outdated
- Measurements & space allocations were not reflective of actual operations

### **Agreement Overview:**

- Rate structure has changed from three tiers to one blended rate for all space leased by airlines which is industry norm
- Airline rental rates based on DAA annually adopted rates & charges
- Airlines requested DAA to allocate revenues against their rental requirement. The airlines lease forty seven percent of the terminal so forty seven percent of car rental revenues and parking revenues have been allocated to airlines
- Landing fee reconciliation remains-in the event our expenses for airfield maintenance exceed landing fees collected, DAA can invoice airline for difference
- No other major changes from current operations

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**AIRLINE USE AND LEASE AGREEMENT**

**DULUTH INTERNATIONAL AIRPORT**

**By and Between**

**Duluth Airport Authority**

**And**

**Delta Airlines, Inc.**

**Effective Date:  
January 1, 2019**

PARTIES to this Agreement are the DULUTH AIRPORT AUTHORITY, hereinafter called "Authority," and Delta Airlines, Inc., Inc. a corporation organized and existing under the laws of the State of Delaware, hereinafter called "Airline."

#### THE PARTIES ACKNOWLEDGE THE FOLLOWING:

Authority is a public body created by Minnesota Laws 1969, Chapter 577 and supplemental legislation, and charged with the operation of Duluth International Airport, located in the County of St. Louis, State of Minnesota, hereinafter called "Airport"; and

Airline is engaged in the business of transportation with respect to persons, property, cargo and mail; and

Airline desires to lease certain premises, facilities and rights in connection with and on the Airport, and Authority is willing to lease the same to Airline upon the terms and conditions hereinafter stated;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in replacement of any other previous leases or agreements between the parties, the parties agree as follows:

### **SECTION 1 DEFINITIONS**

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

- A. Affiliate Airline: shall mean any air transportation company that is (i) a wholly owned subsidiary, parent, or sister company of Airline, or (ii) is operating at the Airport pursuant to an agreement to which Airline is a party, which agreement is for the furnishing of scheduled passenger service at the Airport or (iii) otherwise operates under the same trade name as Airline at the Airport and uses essentially the same livery as Airline at the Airport; provided that no major airline, as such term is defined by the Federal Aviation Administration, shall be classified as an Affiliate of Airline, unless either clause (i) or (iii) above defines the relationship between such airlines at the Airport. To qualify as an Affiliate Airline, the Affiliate Airline must be designated in writing to the Authority by Airline and shall have the rights afforded Airline without payment of any additional charges or premiums provided Airline (a) remains a Signatory Airline to this Agreement, and (b) agrees and shall be obligated to serve as payer and financial guarantor for all rentals, landing fees, and other operating fees incurred by any Affiliate Airline of Airline while flying on behalf of Airline at the Airport. Airline and any designated Affiliate Airline(s) shall be counted under the Airline for the purposes of computing any Joint Use Premises charges. Airline shall be responsible for the payment of rentals, fees, and charges for its Affiliate Airlines when flying on behalf of Airline. Affiliate Airlines are required to execute an Operating Agreement with the Authority in order to operate on behalf of Airline. Airline



will use commercially reasonable efforts to require Affiliate Airline(s) to execute an Operating Agreement prior to commencing service at the Airport. Airline acknowledges that the Authority may refuse to allow any Affiliate Airline who has not executed an Operating Agreement to operate on the Airline's behalf at the Airport.

- B. Airfield: shall mean the runways, taxiways, taxilanes, aircraft parking Apron, and all other paved surfaces and adjacent improvements available for the movement of aircraft.
- C. Airfield Cost Center: shall mean the expenses and revenues attributed to the Airfield.
- D. Airline: shall mean the airline executing this Agreement.
- E. Airport: shall mean the Duluth International Airport located in and adjacent to the City of Duluth, County of St. Louis, State of Minnesota.
- F. Base Term: is defined in Section 4.A. hereof.
- G. City: shall mean the City of Duluth, Minnesota.
- H. City Attorney: shall mean the City Attorney of the City.
- I. Consent or Approval of Authority and of Executive Director: where this Agreement calls for the consent or approval of the Authority, the same shall be in the form of a resolution approved by the Authority as provided by law; where the consent or approval of the Executive Director is required, the same shall be evidenced by a written document signed by the Executive Director or authorized designee.
- J. Cost Center: shall mean categories used for the allocation of revenues and expenses comprised of the Terminal Cost Center, the Airfield Cost Center (to include runways, taxiways, taxilanes, and aircraft parking Apron and all other paved surfaces and adjacent improvements available for the movement of aircraft), and the Other Cost Center to reflect all other aeronautical and non-aeronautical premises on the Airport to which costs and/or revenues may be attributed.
- K. Effective Date: shall mean the commencement date of this Agreement which shall be January 1, 2019.
- L. Executive Director: shall mean the Executive Director of the Authority, or designee.
- M. FAA: shall mean the Federal Aviation Administration.
- N. Fiscal Year: shall mean the period from January 1 through December 31 during the term of this Agreement.
- O. Flight Arrivals: shall mean all scheduled and unscheduled revenue aircraft arrivals from Airline and designated Affiliate Airline(s) which arrive at the Airport utilizing the Airfield.

- P. Joint Use Premises: shall include baggage make up, holdrooms and associated passenger loading bridges, Ramp Area, baggage claim area, baggage screening, security checkpoint, and the tug tunnel used jointly or in common by Airline and one or more other airlines as listed on Exhibit A.
- Q. Leased Premises: shall mean those premises leased to Airline as Preferential Use Premises and Joint Use Premises as further described in Section 3 of this Agreement and as listed on Exhibit A.
- R. Leasehold Improvements: shall mean all items located on and within the Leased Premises provided or purchased by Authority or Airline, including items such as decorations, partitions, insulation, wiring, lighting and plumbing fixtures, piping, finished ceilings, ventilation duct work, grills, floor and wall coverings, heaters, cabinets, lockers, sinks, counters, chairs, other furniture, signs, video screens, and other related improvements, but excluding Airline's personal property, trade fixtures, and movable equipment.
- S. Maximum Gross Landed Weight: shall mean, for the purposes of this Agreement, the maximum gross landed weight approved by the Federal Aviation Administration for landing such aircraft type by Airline at the Airport.
- T. Non-Signatory Airline: shall mean any airline providing commercial air transportation services to and from the Airport which has not executed an Airline Use and Lease Agreement, or a similar agreement, under substantially the same terms and conditions as are set forth herein. The Authority will establish Non-Signatory rates annually.
- U. Operating Agreement-Affiliate Airline: shall mean an agreement entered into by and between any designated Affiliate Airline operating at the Airport which has not executed an Airline Use and Lease Agreement or similar document with the Authority. The Operating Agreement shall define the operational and liability requirements of the Affiliate Airline.
- V. Operating Agreement-Ground Handler: shall mean an agreement entered into by and between any designated third party contract ground handler providing ground handling services on behalf of Airline in Airline's Leased Premises. The Operating Agreement-Ground Handler shall define the operational and liability requirements of the ground handler.
- W. Option Term: is defined in Section 4.B. hereof.
- X. PFC: is defined in Section 30 hereof.
- Y. Other Cost Center: shall mean all other expenses and revenues associated with the aeronautical and non-aeronautical premises of the Airport other than those associated with the Airfield Cost Center and the Terminal Cost Center.

- Z. Preferential Use Premises: shall mean those portions of the Leased Premises including the ticket counters and associated queue space, ticket office space, operations space, and airline storage space leased to Airline as listed on Exhibit A.
- AA. Ramp Area: shall mean the concrete surface immediately adjacent to the Terminal, as designated by the Authority, that is used for the parking of aircraft and ground service equipment actively used to support flights, and the loading and unloading of aircraft as shown in Exhibit B.
- BB. Signatory Airlines: shall mean an airline providing air transportation to and from the Airport that has executed an Airline Use and Lease Agreement, or an agreement with the Authority containing terms and conditions substantially similar with those contained in this Agreement. Each Signatory Airline shall be responsible (i) for requiring that each of its designated Affiliate Airlines conform to the terms and conditions of Operating Agreement and (ii) for paying for all rentals, fees, charges, and financial obligations of its designated Affiliate Airlines operating on Airline's behalf under an executed Operating Agreement. Except as otherwise provided herein, no Signatory Airline shall have any right pursuant to this Agreement to object to Authority's entry into an Airline Use and Lease Agreement with any other airline which contains substantially similar terms and conditions as are set forth herein.
- CC. Term: shall mean the Base Term and the Option Term, if any.
- DD. Terminal: shall mean the passenger terminal located at the Airport used to process passengers.
- EE. Terminal Cost Center: shall mean the expenses and revenues associated with the Terminal.

## **SECTION 2 EXHIBITS**

The following Exhibits are attached to this Agreement and are incorporated herein.

- A - Airline Leased Premises
- B - Ramp Area
- C - Airline Monthly Activity Report
- D - Terminal Maintenance Matrix

## **SECTION 3 PREMISES AND OPERATIONS**

- A. Use of Airport and Airport Facilities: Airline shall have the right to operate an air transportation business at the Airport for the purpose of carrying of persons, property, cargo and mail, which shall include the following, provided that all usage granted hereunder shall be in conformity with the Laws, Ordinances, Rules, and Civil Rights as provided in Section 14:



1. The handling, ticketing, billing, and manifesting of passengers, baggage, cargo, property, express package service, and mail in air transportation by Airline.
2. The operating, repairing, maintaining, servicing, parking or storage of aircraft, ground service equipment, or other equipment owned or operated by Airline, and/or its designated Affiliate Airline(s) having executed an Operating Agreement-Affiliate Airline, or authorized third party ground handler having executed an Operating Agreement- Ground Handler; provided, however, that this Section shall not be intended to require the Authority to provide hangar space.
3. The training at the Airport of personnel in the employ, to be employed, or under contract to Airline or Airline's authorized third party ground handler and the testing of aircraft and equipment owned or operated by the Airline or designated Affiliate Airline(s), it being understood that such training is not to be construed as the right to establish or operate a training school as a separate activity, and that the testing of aircraft and equipment shall not be construed to include the right to establish or operate a major testing facility at the Airport under this Agreement.
4. The right to sell, exchange, or otherwise dispose of Airline's aircraft, engines, accessories, gasoline, oil, greases, lubricants, fuel and other equipment or supplies, including any article or goods used by or bought for use by Airline in connection with its conduct of air transportation; provided, that such rights shall not be construed as authorizing the conduct of a separate business by Airline, but shall permit Airline to perform such functions as are incidental to its conduct of air transportation, and further provided that Airline shall not sell gasoline, fuel, propellants, greases, and other lubricants except to a designated Affiliate Airline(s), or except when the same are at a particular grade or quality not otherwise available at the Airport.
5. The landing, taking off, loading, unloading, and conditioning of aircraft or other equipment.
6. The right to load and unload passengers, property, freight, express package service, supplies and mail by such motor vehicles or other means of conveyance as the Airline may provide and require in the operation of its air transportation system through employees, agents, or contractors of Airline.
7. The right to install signs identifying the Airline brand and flight information at the Airport if not provided by the Authority; the general size, type, construction, and location of which shall be subject to prior written approval of the Executive Director, which approval shall not be unreasonably withheld.
8. The right to install, maintain and operate, at Airline's sole expense either by Airline alone or in conjunction with any other air transportation companies who are Signatory Airlines or through a nominee, radio communications, meteorological,

and aerial navigation equipment and facilities in the Terminal subject to the prior written approval of the Executive Director.

9. Such other uses as are typical in connection with the operation of an air transportation business, including, without limitation, providing food and beverages during irregular operations and ticket and related sales.
- B. Space In and Adjacent to the Terminal: The Airline shall have use of the following space in the Terminal:
1. Preferential Use Premises:
    - a. Ticket counter space and allocated queuing space on the first floor of the Terminal as listed on Exhibit A.
    - b. The airline ticket office area on the first floor of the Terminal as listed on Exhibit A.
    - c. The operations space on the first floor of the Terminal as listed on Exhibit A.
    - d. Airline storage space located on the first floor of the Terminal as listed on Exhibit A.
  2. The Joint Use Premises:
    - a. Holdrooms and associated passenger loading bridges as listed on Exhibit A.
    - b. Baggage screening and baggage make up space in the Terminal as listed on Exhibit A.
    - c. Tug tunnel space used by all Airlines as listed on Exhibit A less preferentially leased storage space.
    - d. Baggage claim carousel space as listed on Exhibit A.
    - e. Security checkpoint and exit lane as listed on Exhibit A.
    - f. Ramp Area adjacent to gates as listed on Exhibit B.
- C. Common Space: The use by Airline and its employees, contractors, passengers, and guests of all publicly accessible space in the Terminal including, but not limited to, circulation space, rest rooms, stairways, elevators, escalators, and public seating in common with other users. This provision shall not be construed to grant any special license to Airline or its employees, contractors, passengers, or guests with respect to common space over and above that of the general public.
- D. Vehicle Parking Space: The use by Airline and its employees, contractors, agents working at the Airport, and crew members of Airline in common with others, of adequate vehicular parking space, at a location to be designated by the Executive Director. Authority reserves the right to charge a fee for the use of such space which fee may be adjusted from time to time.
- E. The Right of Ingress and Egress: The full and free right of ingress to and egress from the Leased Premises for all purposes contemplated by this Agreement; however, this right shall be consistent with present and future security regulations of the FAA and/or the Department of Homeland Security or any successor agencies.

## SECTION 4

### TERM

- A. Base Term: The base term (the “Base Term”) of this Agreement shall be for twenty four (24) months commencing January 1, 2019 through midnight December 31, 2020, unless otherwise terminated as provided for herein.
- B. Option Term: The parties mutually reserve the right to exercise one (1) additional two (2) year option term (the “Option Term”) beyond the Base Term provided that Signatory Airline(s) provide written notice to the Authority of its interest in exercising the Option Term on or before June 1, 2020. The Authority will provide a written response of its mutual interest in exercising the Option Term within sixty (60) calendar days from the date of receipt of the Airline’s written notice of interest to exercise the Option Term. If mutually exercised, the Option Term shall be under the same terms and conditions as set forth herein and must be memorialized in an amendment signed by both parties no later than September 1, 2020 unless a later date is agreed to by the parties hereto. If the Option Term is not exercised as called for herein, the Option shall be cancelled and the Agreement will terminate in accordance with the provisions of this Agreement.
- C. Holding Over: It is further agreed that, following expiration of the Term, and if a new agreement in replacement hereof has not been executed, this Agreement shall continue on a month-to-month basis under the terms and conditions of this Agreement, however, rates and charges may be adjusted on the commencement of each Fiscal Year at the sole discretion of the Authority and in compliance with all applicable FAA rules and regulations. The month-to-month tenancy may be terminated by either party upon thirty (30) days’ prior written notice to the other party.

## SECTION 5

### RENTALS, FEES, AND CHARGES

Airline agrees to pay Authority the following rentals, fees, and charges, all payable as set forth below for the use of Leased Premises, lands, licenses, services and privileges granted hereunder:

- A. Landing Fee:
1. Calculation of Landing Fees: During the term of this Agreement, Airline agrees to pay Authority the approved landing fee rate for each one thousand pound units of approved Maximum Gross Landed Weight for all actual revenue Flight Arrivals of Airline and designated Affiliate Airline(s) when flying on behalf of Airline during each month. The aforesaid landing fee shall be calculated by taking the Airfield Cost Center and subtracting any discretionary revenue, if available and allocated at the sole discretion of the Authority, applied to the Airfield Cost Center and dividing that sum (Net Airfield Requirement) by the total projected Maximum Gross Landed Weight per thousand pounds by aircraft type for all Flight Arrivals. The Airfield Cost Center shall include: all direct and indirect costs associated with maintaining the runways, taxiways, taxilanes, aircraft parking Apron and all other paved



surfaces and adjacent improvements available for the movement of aircraft; capital improvements less federal funding; fire-fighting and rescue service charges; and law enforcement charges; less allocated revenues attributable to activities on the Airfield.

Airline agrees to pay Authority one-half (1/2) of the applicable landing fee for all training flights landing at the Airport, including "touch and go" landings. Said landing fee shall not apply to courtesy, test, inspection, and medical emergency flights landing at the Airport by Airline or Affiliated Airline(s). The landing fee will be subject to adjustment annually by the Authority following notice to Airline and a period to comment (provided that it shall be calculated as aforesaid).

2. Reporting and Payment of Landing Fees: Airline's actual Flight Arrivals of Airline and designated Affiliate Airline(s) flying on behalf of Airline and actual training flights landing or "touching down" at the Airport, including types of aircraft and FAA approved Maximum Gross Landed Weights for each type of aircraft involved, and the number of enplaning and deplaning revenue and non-revenue passengers for Airline, designated Affiliate Airline(s), and flights ground handled by Airline shall be reported monthly to Authority on forms provided by Authority and attached as Exhibit C on or before the tenth (10<sup>th</sup>) day following the end of the month to which the activity refers.
3. Annual Reconciliation- Landing Fees: Within 180 days following the end of each Fiscal Year during the term of this Agreement and subject to receipt of the final annual financial audit of the Authority's accounts, Authority shall reconcile the budgeted landing fees that are paid based on the calculation as described in Section 5.A.1, versus actual landing fees due and payable based upon the actual activity, expenses, and allocated revenues applied in the Airfield Cost Center. If the total of the landing fees paid by Airline is greater than the amount due based on the reconciliation above, the Authority will issue a credit for the difference, but only if the calculated credit due is greater than the discretionary revenue applied to the base rate calculation used to arrive at the budgeted Landing Fee rate charged. Any credit issued must be applied against any outstanding invoices due and payable from Airline. In the event that the amount of landing fees paid by Airline is less than the amount due based on the reconciliation described above including any discretionary revenue applied to the Airfield requirement, the Authority will invoice Airline for the amount due.

B. Rentals and Fees:

1. Rental Rate Calculation: The cost per square foot of rented space payable by Airline shall be calculated by taking the Terminal Cost Center and subtracting any discretionary revenues, if available and allocated at the sole discretion of the Authority, applied to the Terminal requirement and dividing that sum (Net Terminal Requirement) by the Airline rented square footage of the Terminal to arrive at the Airline rental rate. Terminal Cost Center shall include the following, to the extent allocable to the Terminal: direct and indirect maintenance and operating costs net of federal or state funds; insurance; debt service net of PFCs (as defined in Section 30

hereof), federal and state grants; direct and indirect administration costs; utilities; refuse removal; window washing; carpet and floor maintenance; passenger loading bridge maintenance; and all other costs associated in connection with the operation of the Terminal incurred by the Authority; less the revenues allocated to the Terminal Cost Center). The Authority will allocate forty-seven percent (47%) of parking lot and rental car concession revenue against the Airline's terminal rental requirement.

2. **Payment for Preferential Use Premises:** During the term of this Agreement, Airline agrees to pay Authority in advance of each month one twelfth of the Airline rental rate multiplied by the total Preferential Use Premises leased to Airline as listed on Exhibit A.
  3. **Payment for Joint Use Premises:** It is agreed between Authority and Airline that all airlines shall have the right to have access to and to use Joint Use Premises identified in Exhibit A of this Agreement. During the term of this Agreement, Airline agrees to pay Authority rental fees for the Joint Use Premises. The total Joint Use Premises rent shall be calculated by multiplying the Airline rental rate set forth in Section 5.B.1. above by the number of Airline square feet in the Joint Use Premises identified in Exhibit A. Signatory Airlines shall pay for their proportionate share of the Joint Use Premises based one hundred percent (100%) of total Signatory enplaned passengers. The rent for the Joint Use Premises will be calculated by the Authority on a monthly basis based on Airline's percentage of total Signatory enplaned passengers proportionate to total Signatory enplaned passengers for all Signatory Airlines boarding aircraft for the month. Activity for enplanements of Airline, Affiliate Airline(s), and any airlines ground handled by Airline shall be reported to Authority monthly on or before the tenth (10th) day following the end of the month to which the activity is experienced.
- C. **Annual Rate Calculation:** The Authority will calculate Airline rental rates and landing fees for each Fiscal Year during the term of this Agreement as described herein. The Authority will develop the annual budget and the applicable Airline rental rate and landing fee calculation. The Authority will provide notice to Airlines of the proposed rental rate and landing fee requirements for review with a schedule for adoption by the Authority's Board. Once adopted, the Airline rental rates and landing fees will be applicable in the designated Fiscal Year.
- D. **Cost Center Allocations:** The Authority reserves the right to review expense and revenue allocations periodically and modify allocations between the Airfield Cost Center, Terminal Cost Center, and Other Cost Center in the annual development of the rates and charges calculation to reflect the appropriate allocation of resources to the respective Cost Centers.
- E. **International Arrivals Facility Fee:** All Signatory Airlines and Non-Signatory Airlines operating at the Airport that utilize space in the Terminal for the purpose of processing passengers arriving from international destinations shall be required to pay to the Authority a fee for the pro rata cost of the use of the international arrivals facility in the Terminal. The

fee shall be established annually by the Authority. Any international arrivals facility per use fees received for use of passenger processing space will be credited to the Joint Use Space requirement.

- F. Crash-Fire-Rescue: This Agreement is premised upon the continued provision by the Minnesota Air National Guard of crash-fire-rescue service on the Airport sufficient to meet FAA requirements for said services on airports being served by commercial aircraft. In the event that the Crash-Fire-Rescue service is discontinued by the Minnesota Air National Guard, Airline agrees that it, together with other airlines operating at the Airport, will pay the Authority's direct and indirect costs of providing crash-fire-rescue service at the Airport on a negotiated basis and, upon the happening of the event of such discontinuance. Costs will be calculated and paid based upon one thousand pound (1,000lb) units.
- G. Employee Parking Fees: The Authority reserves the right to assess the Airline an annual employee parking fee for use of Airport parking facilities by employees of and contractors under contract with the Airline while at the Airport for the performance of such employees' and contractors' duties to Airline. The parking fees will be assessed to Airline for all employees and/or authorized contractors, and Airline shall remit the annual fee to the Authority for the number of parking positions requested. The employee parking permits shall be used for parking while employees are on duty and shall not be used for personal use.
- H. Utilities: All utility charges for the Terminal and associated space will be included in the calculation of the square footage rental rate. In the event that Airline requires electrical service in excess of the base level provided, Airline will be charged directly for such utility costs in an amount agreed to by the parties.
- I. Payment Dates: Payment for Preferential Use Premises shall be due and payable on the first of the month for which the space is occupied. For Joint Use Premises and landing fees, payment is due and payable on the last day of the month in which the activity is reported. Payments for all other fees and charges shall be due and payable within thirty (30) days of the invoice date.
- J. Records: Airline agrees to keep and maintain a complete set of financial books and records with respect to the information Airline is required to provide to the Authority hereunder, kept according to generally accepted accounting practices at the Airport or shall make such records available within five (5) business days upon written demand from the Authority. Airline agrees to make those portions of said books and records reasonably necessary to determine the accuracy and validity of the reports referred to in Section 5, available to the Authority and its representatives for inspection and review during normal business hours during the Term of this Agreement and for six (6) years thereafter.

**SECTION 6**  
**PURCHASE OF SUPPLIES AND MATERIALS AND OTHER CHARGES**

- A. Purchase of Food and Beverages: In the event that Airline wishes to purchase food, beverages, or other supplies used in connection with the serving of meals, snacks, or beverages for distribution to passengers in the Terminal or in-flight food services on flights originating at the Airport from a third-party supplier other than a third-party supplier under a concession contract with Authority, Airline agrees that any such agreement with such Airline supplier shall not be entered into without the prior written approval of the Executive Director. In the event of a delay involving provision of food or beverages to delayed passengers, Airline shall consult with the Authority's concessionaire in order to determine if the concessionaire has the staffing and capacity to accommodate the level of demand anticipated. If it does, the Authority's concessionaire should be utilized. In the event that the Authority's concessionaire does not have the capacity, in the reasonable assessment of Airline, Airline may purchase such products from outside vendors and advise Authority of such action. Provided the process identified is followed, there will be no concession fee due the Authority. If purchased from outside sources without following the process identified above, the provider must pay to the Authority a concession fee at the same rate as the fee paid by the Airport concessionaire for the applicable product. Nothing contained herein shall preclude Airline from providing snacks similar to what is offered in-flight and water to Airline's delayed passengers at the Airport.
- B. Ground-Handling: Airline shall have the right to provide ground-handling services either with Airline employees or through an authorized third party ground handler provided there is an executed Operating Agreement - Ground Handler in place for any aircraft owned, leased, or operated under contract by Airline or an Affiliate Airline parked at the Ramp Area. Airline's Ground Handler shall have the right to provide ground handling services to other airlines operating at the Airport subject to the prior written approval of the Executive Director.
- C. Required Security Modifications: The parties agree that should substantial security improvements become necessary as a result of Department of Homeland Security and/or Federal Aviation Administration security or certification requirements, the parties will negotiate in good faith to determine what, if any, additional charge, based on cost, will be assessed to Airline as a result of benefits received by Airline from such improvements.

**SECTION 7**  
**FEES, TAXES AND OTHER CHARGES**

- A. Responsibility for Fees and Taxes: Airline shall be solely responsible for the payment of all lawful taxes, assessments, license fees or other fees or charges that may be levied, assessed or charged by any governmental agency during the Term of this Agreement arising in any manner out of this Agreement, or on account of the transaction of business by Airline at the Airport, and upon request Airline shall provide evidence of payment of any such taxes to Authority as such taxes shall become due. If Airline shall fail or neglect to pay any of said taxes, assessments, license fees or other fees or charges when the same become due, the



Authority may pay the same after fifteen (15) days' advance written notice to Airline of such intent to pay, together with any cost or penalty which may be accrued thereon, whereupon Authority may collect from Airline the entire amount so paid, and Airline shall pay such entire amount and plus a fifteen percent (15%) administrative fee to the Authority promptly upon demand therefor.

- B. Airline's Right to Contest: Airline shall have the right to contest in good faith the validity or amount of any tax, assessment, license fee, excise fee or other charge which it is responsible to pay under this Section and during such period of contest, no event of default shall exist by reason of the failure of Airline to pay such tax, assessment, fee or charge unless such failure shall have a negative effect upon the property or rights of Authority, in which event Airline agrees to promptly pay the same upon notice of Authority of said effect.
- C. Payment for Damage Caused By Airline: For any repairs of documented damage to the Leased Premises that is caused by an Airline employee, contractor, or guest, Airline shall reimburse the Authority for the direct and indirect costs of performing any required repair or replacement. Payment is due and payable upon receipt of invoice.

## **SECTION 8**

### **CONSTRUCTION AND LEASEHOLD IMPROVEMENTS**

- A. Construction Standards and Approvals: Any construction or Leasehold Improvements, except redecoration contracted for or performed by Airline which redecoration shall require the prior written approval of the Executive Director, shall conform to all applicable regulations, building design standards, building codes, and health codes, as well as the following requirements:
1. All construction shall meet the requirement of Type I (fire resistant) construction as set forth in the Minnesota State Building Code (current edition) and the building standards for the Airport.
  2. Complete contract drawings and specifications on all work, including alterations, additions or replacements, must be submitted for and receive written approval of the Executive Director. Airline will be responsible for delivery to the Authority at no cost "as built" drawings and an electronic version of the same within sixty (60) calendar days after completion of any such improvements.
  3. All work must be done by competent and licensed contractors authorized to do business at the Airport in the time and manner approved by the Executive Director and coordinated with the Executive Director. Airline shall comply with the applicable indemnity and insurance and bond requirements of this Agreement. Work must be performed such that it will not have a material impact on the normal operations of the Airport or unreasonably impact any tenants operating at the Airport.

4. An authorized representative of Airline shall be available at all reasonable times to coordinate the work of the Leasehold Improvements.

B. Construction Bonds and Insurance:

1. Bonds: During the term of this Agreement, when any Leasehold Improvements are constructed, installed or renovated, Airline shall require the contractor and any subcontractor to furnish a payment bond, approved as to form and substance by the City Attorney, written by a company or companies authorized to write such bonds in the State of Minnesota and who are acceptable to the Executive Director. The amount of such bond(s) shall be not less than the cost of such construction, installation or renovation including all persons doing work or furnishing skills, tools, machinery, materials, insurance premiums, equipment or supplies incident to such construction, installation or renovation, such bond or bonds to be conditioned for payment of claims as required and in full compliance with Minnesota Statutes Section 574.26. Further, during the term of this Agreement, for any construction, installation or renovation of Leasehold Improvements, and before the commencement of work thereon, Airline shall furnish to Authority performance bonds, written by similarly qualified companies, covering all work to be performed thereunder guaranteeing the performance of all such work. In the alternative, if the value of labor and materials to be furnished for any such improvement shall not exceed Seventy-Five Thousand Dollars (\$75,000), Airline may furnish to Authority written proof thereof and may, at its option, deposit a sum equal to the value of the labor and materials with an escrow agent approved by Authority or may deposit said sum directly with Authority. Authority shall have the right, but not the obligation, to draw upon said sum to pay all bills unpaid by Airline for said labor and materials supplied for said Leasehold Improvements. Upon completion of the project and the furnishing by Airline to Authority of lien waivers by all contractors, laborers and materialmen involved in said Leasehold Improvement, Authority shall agree to the release of any funds remaining in escrow or held by it to Airline.
2. Contractor's Public Liability and Property: Before commencing any improvement, work or equipment installation on the Leased Premises, Airline shall require all contractors and subcontractors to procure and maintain insurance during the life of such contracts, protecting the Authority, the City, and the Airline as follows:
  - a. Worker's Compensation Insurance.
  - b. General Liability Insurance with limits no less than \$1,500,000.00 combined single limit per occurrence, including but not limited to, bodily injury and property damage, airport premises and products/completed operations liability, contractual liability, independent contractors' liability, and owned/non-owned aircraft liability.
  - c. Automobile Liability Insurance, including automobile and non-ownership and hired cars with limits no less than \$1,500,000.00 each occurrence, including owned and/or leased automobile liability and non-owned and hired automobile liability.

- d. Builders risk insurance, fire, extended coverage, vandalism, and malicious mischief including sprinkler damage or discharge.
- 3. Insurance Requirements:
  - a. Authority and City shall be named as additional insureds on each of the policies above except the Workers' Compensation policy.
  - b. All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or City.
  - c. Insurance, as above provided, shall be kept intact and in force throughout the term of construction work and equipment installation on the Leased Premises. Such insurance shall be subject to the approval of the City Attorney and copies furnished to the Authority prior to the commencement of construction.
- C. Subsequent Improvements: Any changes in, additions to or deletions from existing or later constructed improvements shall be subject to the prior written approval of the Executive Director, and the Executive Director may impose such conditions as may be deemed necessary to protect the Authority and the City and the integrity of all operations at the Terminal, including, but not limited to, bonding and insurance requirements.

## SECTION 9 AIRLINE'S OBLIGATIONS

- A. Service: Airline covenants and agrees to conduct its business in such a manner as will not cause Authority loss or damages.
- B. Maintenance of Leased Premises: Airline agrees to keep the Leased Premises in a clean, neat and orderly condition and in compliance with all laws and codes applicable, including regulations of the Authority and all State and Federal environmental laws and regulations and as set forth in Exhibit D. Airline agrees to perform all janitorial services and general maintenance in the Preferential Use Premises and agrees to make no attachment to, change of, or redecoration or modification in said Preferential Use Premises without the prior written consent of the Executive Director. In the event that Airline shall fail to so maintain any portion of said Preferential Use Premises, Authority shall have the right, but not the obligation, to itself perform or have performed said maintenance after twenty (20) calendar days' advance written notice of such intent to perform such maintenance whereupon Authority may collect the entire charge therefor, and Airline shall pay such amount plus a fifteen percent (15%) administrative fee to Authority immediately upon demand therefor.
- C. Authority's Fire Insurance: Airline covenants that it will not do or permit to be done any act which:
  - 1. Will invalidate or be in conflict with any fire insurance policies covering the Airport or any part thereof or upon the contents of any building thereof; or

2. Will increase the rate of any fire insurance on the Airport or any part thereof or upon the contents of any building thereof; or
3. In the reasonable opinion of the Authority, will constitute a hazardous condition so as to increase the risks normally attendant upon the operations contemplated by this Agreement.

If, by any reason of the Airline's failing to comply with the provisions of this Section, any fire insurance rate on the Airport or any part thereof or upon the contents of any building thereof, at any time, be higher than it otherwise would be, then the Airline shall, upon written notice and failure to correct the compliance during a reasonable cure period, directly reimburse the Authority for that part of all fire insurance premiums paid or payable by the Authority which shall have been charged because of such identified risks taken by the Airline.

- D. Liens: Airline shall not create or permit any mortgage, encumbrance or lien or allow any mechanics' or materialmen's liens to be filed or established or to remain against the Leased Premises, or any part thereof, provided that if Airline shall first notify Authority of its intention to do so and post such security as Authority reasonably deems necessary, Airline may, in good faith, contest any such mechanics' or other liens filed or established as long as Authority does not deem its interest or rights in this Agreement to be subject to foreclosure by reason of such contest.

## SECTION 10 AUTHORITY'S OBLIGATIONS

Except as provided herein, Authority shall, in accordance with acceptable FAA standards, other applicable statutes, rules and regulations, and in a safe manner consistent with the generally accepted good practices in the State of Minnesota for airports of similar size and character, properly maintain, operate and manage the Airport including all Joint Use Premises in the Terminal and all areas described as public space and adjacent vehicle parking space as set forth in Exhibit D. If for any reason beyond the reasonable control of the Authority including, without in any manner limiting the generality of the foregoing, war, strikes, riots, terrorist events, civil commotion and other similar events, the Authority shall fail to properly maintain, operate and manage said Airport, such failure shall not operate as a breach of this Agreement nor render the Authority liable in damages.

## SECTION 11 INDEMNIFICATION

- A. General: Airline shall indemnify, save, hold harmless, and defend Authority and the City, their officials, agents and employees, successors and assigns, individually or collectively (each a "City Indemnitee" and collectively, the "City Indemnitees"), 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 arising out of, resulting from, in conjunction with or incident to any act or omission of Airline, its officials, agents or



employees, successors or assigns, the operation of its business and/or performance of its obligations under this Agreement, or the Airline's use and/or occupancy of the Leased Premises or the Airport; and within ten (10) days after Airline's receipt of written notice from the Authority, the Airline will appear and defend all claims and lawsuits against the Authority arising out of any such injury or damage.

- B. Violations of Regulations and Laws: Airline shall indemnify, save, hold harmless, and defend the City Indemnitees, 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 applicable federal, state, or municipal laws, statutes, resolutions, or regulations, including rules or regulations of the Authority now in effect or hereafter promulgated, by Airline, its officials, agents or employees, successors or assigns in conjunction with or incident to any act or omission of Airline, its officials, agents or employees, successors or assigns; the operation of its business at the Airport and/or performance of its obligations under this Agreement, or Airline's use and/or occupancy of the Leased Premises; and within ten (10) days after Airline's receipt of written notice from the Authority, the Airline will appear and defend all claims and lawsuits against the Authority arising out of any such injury or damage.
- C. Survival: The provisions of this Section shall survive the expiration, termination or early cancellation of this Agreement.

## **SECTION 12 ENVIRONMENTAL LIABILITY AND INDEMNIFICATION**

In addition to the general indemnity stated above, and as part of it, it is specifically agreed between the parties that Airline shall be responsible in all respects for Airline's use of, or Airline'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. Airline shall be responsible for the disposition of 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 Airline's use of, or generation of, such substances in its operations at the Airport, and, Airline specifically agrees that the obligations of Section 11 above shall apply specifically to any costs 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.

## SECTION 13 INSURANCE

- A. Insurance Requirements: Airline 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. Commercial General Liability and Airline Liability with limits no less than \$250,000,000 combined single limit per occurrence and in the annual aggregate with respect to products/completed operations liability, including but not limited to, aircraft liability, bodily injury and property damage, passenger legal liability, airport premises and products/completed operations liability, baggage and cargo liability, , contractual liability, independent contractors liability, owned and non-owned aircraft and mobile equipment liability. Personal injury and advertising liability can be limited to \$25,000,000 each offense/aggregate.
  2. Hull insurance, at replacement value.
  3. Business Automobile Liability with limits no less than \$10,000,000 each occurrence including owned and/or leased automobile liability and non-owned and hired automobile liability.
  4. Fire Legal Liability with limits no less than \$1,000,000 each occurrence.
  5. Workers' Compensation Coverage in statutory amounts with "all states" endorsement including Employees Liability Insurance in limits of \$1,000,000 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 authorized to do business in the State of Minnesota.
- C. Additional Insureds: Authority and City shall be named as additional insureds on each of the policies above except the Workers' Compensation policy, Employers' Liability, and fire legal liability. Additionally, the Aircraft Physical Damage coverage must include a waiver of subrogation in favor of the Authority and the City.
- D. Insurance Primary: All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or the City.
- E. Insurance Certificate: Certificates showing that Airline 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 Airline to provide the required certificates of insurance does not invalidate or eliminate any of the insurance

requirements contained herein or relieve Airline from any responsibility to carry the required types and amounts of insurance.

- F. Notice of Change or Cancellation: The Airline shall provide that its policies shall not be canceled during the Term of this Agreement without at least thirty (30) days' advanced notice, ten (10) days for non-payment of premium, being given to Authority. Failure to give such notice to Authority will render any such cancellation in said policy or coverages ineffective as against Authority and City.
- G. Disclaimer: Authority does not represent or guarantee that these types or limits of coverage are adequate to protect the Airline's interests and liabilities. It shall be the obligation and responsibility of Airline to insure, as it deems prudent, its own personal property, against damage. Authority does not have insurance coverage for Airline's property.
- H. Waiver of Subrogation: Authority, the City and Airline hereby mutually waive any and all rights of recovery against the other party arising out of damage or destruction of the buildings, Airline's Leased Premises, or any other property from causes included under any property insurance policies to the extent such damage or destruction is covered by the proceeds of such policies and whether or not such damage or destruction shall have been caused by the parties, their officers, employees or agents, but only to the extent that the insurance policies then in force permit such waiver. All property policies of insurance shall contain, to the extent available, this waiver of subrogation provision and the cost of such provision shall be borne by the primary insured. The aircraft physical damage coverage must include a waiver of subrogation in favor of the Authority and City except to the extent any loss or damage is caused by the negligence or willful misconduct of the Authority and/or City.

#### **SECTION 14**

#### **LAWS, ORDINANCES, RULES AND CIVIL RIGHTS**

- A. Laws, Ordinances and Rules: The Airline shall comply with all applicable laws, ordinances, rules, regulations, policies, and orders now in effect or hereinafter adopted of the United States, the State of Minnesota, the City, and the Authority and any agency, department or governmental subdivision thereof, including but not limited to the Department of Homeland Security and the FAA relating to Airline's activities at the Airport, including but not limited to the Airport Certification Manual, the Airport Security Plan, and the Airport Rules and Standards, current copies of which are on file in the office of the Executive Director located in the Terminal at the Airport.
- B. Civil Rights: The Airline for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that it shall comply with all applicable requirements of Federal and State civil rights, unlawful discrimination, and rehabilitation statutes, rules and regulations now in effect or hereinafter adopted, including but not limited to Title 49, Code of Federal Regulations, Department of Transportation of the Department of Transportation-Effectuation of Title VI of the Civil

Rights Act of 1964, the Minnesota Human Rights Act, and with the Americans Disabilities Act.

## **SECTION 15 AUTHORITY'S RIGHTS UPON DEFAULT**

- A. Rights Upon Default: If at any time Airline 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 Airline, re-enter into or upon the Leased Premises under this Agreement or any part thereof and take possession of the same fully and absolutely without such re-entry working a forfeiture of the rentals, fees, and charges to be paid and of the covenants, terms and conditions to be performed by Airline for the full Base Term (and the Option Term, if any has been exercised) of this Agreement, and in the event of such re-entry, the Authority may proceed with the collection of rentals, fees, and charges to be paid under this Agreement or 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 said Leased Premises as of its former estate therein, and the Airline covenants in case of such termination to indemnify the Authority against all loss of rentals, 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 and all such remedies shall be cumulative.
- B. Default Defined: "Default" shall be defined when any of the following circumstances exist:
1. If the Airline has failed to pay rentals, fees, and charges or taxes when due hereunder and such failure to pay shall continue for ten (10) calendar days' after Airline's receipt of written notice from the Authority in the manner hereinafter provided, or
  2. If the Airline fails to provide and/or maintain the insurance coverages required herein, or
  3. If the Airline 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) calendar days after Authority has given Airline written notice, or the Airline 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) calendar days.

4. If a petition to reorganize the Airline or for its arrangement of its unsecured debts shall be filed and such petition is not dismissed within sixty (60) days after being filed.
  5. If the Airline shall be adjudicated bankrupt.
  6. If a receiver or trustee of the Airline's property shall be appointed by any court and such receivership or trusteeship is not vacated within sixty (60) after a receiver or trustee being appointed.
  7. If the Airline shall make a general assignment for the benefit of creditors.
  8. If all of the interest of the Airline in its property shall be taken by garnishment, attachment, execution or other process of law.
  9. If the Leased Premises shall be deserted or vacated.
- C. Attorneys' Fees and Costs: In the event Authority shall prevail in any action or suit or proceeding brought by Authority to collect the rentals, fees, charges, or taxes due or to become due hereunder or any portion thereof, or to take possession of the Leased Premises, or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement, Airline agrees to pay Authority such sums as the court may adjudge reasonable as attorneys' fees and costs to be allowed in such action, suit or proceeding.

## **SECTION 16**

### **TERMINATION BY AIRLINE**

- A. Termination For Cause: Airline may terminate this Agreement prior to the end of its Term, or any extension thereof, for either of the following reasons:
1. Failure of Authority to substantially perform its obligations hereunder, if such failure shall continue for thirty (30) calendar days after Airline has given Authority written notice or the Authority shall fail to commence the corrective action of such failure within thirty (30) calendar days after such notice and to diligently prosecute the same where the same cannot be completed within thirty (30) calendar days.
  2. If the Authority shall commit any act or engage in any activity that prevents the Airline from materially conducting its business as provided under the terms of this Agreement for a period of sixty (60) calendar days without the consent of Airline and after Airline has given notice to the Authority as provided for herein. This shall not apply if the activity is related to runway terminal repairs or replacement and such activity has been communicated and coordinated in good faith with Airline.

- B. In Lieu of Termination: In lieu of termination of this Agreement by the Airline for cause under the provisions of Section 16 A above, the parties may mutually agree in writing to declare a moratorium on rentals, fees, and charges payable by Airline to the Authority hereunder during material interruptions of Airline's operations commensurate to the level of impact, and in such event the Term of this Agreement shall be extended for the period of such interruption, or interruptions, and the moratorium on any payments hereunder by Airline shall continue until Airline's operations have been substantially restored.

## **SECTION 17 WAIVER OF BREACH**

Either party may, in its discretion, waive default by the other party hereunder and its consequences; provided, however, that no action or inaction by the non-defaulting party shall be deemed a waiver of any of such party's rights or remedies unless the non-defaulting party specifically agrees in writing that such action or inaction shall constitute a waiver of its rights or remedies. Any waiver shall only apply to the particular instance for which it was agreed. No failure by either party in exercising any of its right or remedy hereunder or afforded by law shall be a waiver of or preclude the exercise of any right or remedy hereunder or provided by law, whether on such occasion or any future occasion, nor shall such delay be construed to be a waiver of any default or acquiescence thereto. The exercise or the beginning of the exercise of one right or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.

## **SECTION 18 REAL PROPERTY UPON TERMINATION**

Upon expiration or other termination of this Agreement as provided herein, Airline's authority to use the Leased Premises, facilities, equipment and rights herein granted shall cease and Airline shall, upon termination or expiration, promptly and in substantially the same condition as it was on the Effective Date, normal wear and tear excepted, surrender the same to the Authority. In the event that Airline has in any way changed, altered or modified the Leased Premises in the Terminal, Airline shall, unless the Authority agrees otherwise, return the same to substantially the same condition they were in on the Effective Date, normal wear and tear excepted, or, in the alternative, to pay Authority for the cost of returning them to said condition; provided, however, that at the time Airline requests and receives permission to make a modification in the Leased Premises as provided in Section 8 above, it may request Authority to waive the requirements of this sentence, and if at that time granted, said requirement shall be waived upon termination. Any Leasehold Improvements provided or purchased by the Airline not a part of the realty shall be removed therefrom within ten (10) calendar days after the termination or expiration of this Agreement or the same shall be deemed to have been abandoned to the Authority and the right of the Airline to possession thereof shall cease. Costs of disposal and/or restoration of any such abandoned Leasehold Improvements shall be borne by Airline and shall be paid upon invoice therefor.

## **SECTION 19**

### **SUBLEASES AND ASSIGNMENTS**

The Airline shall not sublease the Leased Premises, including the granting of any license or concession with respect thereto, nor assign or transfer, in whole or in part, in any manner this Agreement or assign the Leased Premises, nor any interest therein, 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 such subletting, licensing assignment, or transfer as shall from time to time occur or be desired. It is expressly agreed by the Airline that in the event permission be granted by the Authority as herein provided, the sublessee or assignee shall be required to assume and agree to perform the covenants of this Agreement and that notwithstanding any such subletting, the Airline shall be and remain liable for the payments of all rents and the performance of all covenants and conditions for the full Term of this Agreement. Without the Authority's prior written consent, Airline may assign this Agreement to an entity into whom the Airline may merge or consolidate or to an entity that succeeds to all or substantially all of the Airline's assets; provided, however, Airline shall provide written notice of any such assignment to the Authority within thirty (30) days of the effective date of any such assignment.

## **SECTION 20**

### **COVENANT NOT TO GRANT MORE FAVORABLE TERMS**

Authority covenants and agrees not to enter into a lease, contract or agreement with any other air transport operator with respect to the Airport containing favorable financial or monetary terms or materially more favorable other terms than this Agreement or to grant to any other air transport operator rights, privileges, or concessions with respect to the Airport which are not accorded to the Airline hereunder unless the same terms, rights, privileges and concessions are concurrently made available to the Airline, or are required by the State of Minnesota or the Government of the United States. This provision does not apply to allowable Air Service Development Incentives adopted by the Authority consistent with FAA guidelines, as may be amended from time to time, and available as part of an Air Service Development Incentive program.

## **SECTION 21**

### **NON-EXCLUSIVE RIGHTS**

Airline shall have the right and privilege of engaging in and conducting an air transportation operation at the Airport under the terms and conditions as set forth herein; provided, however, that this Agreement shall not be construed in any manner to grant Airline or those claiming under it the exclusive right to the use of the premises and facilities of said Airport.

## **SECTION 22**

### **GOVERNMENTAL COMMITMENTS**

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

agreement between the Authority and the Government of the United States or of the State of Minnesota relative to the operation or maintenance of the Airport.

### **SECTION 23 CONFIDENTIALITY**

The Authority and its agents shall use due care to treat confidentially all matters pertaining to Airline's business, except those things that of necessity or law must become part of the public record.

### **SECTION 24 SEVERABILITY**

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

### **SECTION 25 MODIFICATION OF THE AGREEMENT**

Any of the terms of this Agreement may be changed upon the mutual written consent of the Authority and the Airline, but to be valid any such changes must not only be in writing, but must also be dated, and executed. 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 or FAA Assurances, this Agreement shall be modified upon consultation with Airline 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.

### **SECTION 26 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.

### **SECTION 27 NOTICES**

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

Airport Authority:

Executive Director  
Duluth Airport Authority  
Duluth International Airport



4701 Grinden Drive  
Duluth, Minnesota, 55811  
Fax: (218) 727-2960

Airline: Delta Airlines, Inc.  
1030 Delta Blvd.  
Department 877  
Atlanta, GA 30320  
Attn: Vice President Corporate Real Estate

## **SECTION 28**

### **LAWS OF MINNESOTA SHALL GOVERN**

This Agreement shall be deemed to have been made in, and shall be construed in accordance with the laws of the State of Minnesota without giving effect to the privileges of conflict of laws. 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, and the parties to this Agreement waive any objections to the jurisdiction of these courts, whether based on convenience or otherwise.

## **SECTION 29**

### **CONSENTS**

Whenever the consent or approval of Authority or Executive Director is required hereunder, such consent shall not be unreasonably withheld or delayed.

## **SECTION 30**

### **PASSENGER FACILITY CHARGES**

Airline acknowledges that the Authority shall have the right to assess Airline's revenue passengers a Passenger Facility Charge ("PFC") for the use of the Airport in accordance with 49 U.S.C. §40117 and the rules and regulations promulgated thereunder (14 CFR part 158, herein the "PFC Regulations") and as otherwise hereafter authorized or permitted.

- A. Airline shall collect on behalf of and remit to the Authority any such PFCs in conformity with the PFC Regulations, including, but not limited to, holding any PFCs collected by Airline, pending remittance to the Authority, in trust for the benefit of the Authority. The Authority shall have the right to use all such PFC revenue in any lawful manner.
- B. Airline and the Authority shall each be bound by and shall observe all PFC Regulations as they apply to such party.
- C. If Airline fails to remit PFCs to the Authority within the time limits established by the PFC Regulations (no later than the last day of the following calendar month), Airline shall be deemed to be in default under this Agreement, subject to notice and cure.

**SECTION 31**  
**FEDERAL AND OTHER GOVERNMENTAL AUTHORITY FUNDS**

This Agreement shall be subordinate to the provisions of and requirements of any existing or future agreements between the Authority and the United States, or other governmental authorities, relative to the development, operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of federal funds, or other governmental authority funds, for the development of the Airport, to the extent that the provisions of any such existing or future agreements are generally required by the United States, or other governmental authority, of other civil airports receiving such funds.

**SECTION 32**  
**SPONSOR ASSURANCES**

Should the FAA determine that any term or provision of this Agreement results in, or could result in, a violation by the Authority of its obligations as an airport sponsor under grant assurances contained or incorporated in any grant agreement, existing or future, to which the Authority is a party ("Sponsor's Assurances"), Airline and the Authority unconditionally agree to modify or amend this Agreement to remedy any such violation, or potential violation, and bring this Agreement into strict compliance with the Authority's Sponsor's Assurances.

**SECTION 33**  
**NONDISCRIMINATION**

- A. Airline, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises described in this Agreement for a purpose for which a Department of Transportation program or activity is extended, or for another purpose involving the provision of similar services or benefits, Airline shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.
- B. Airline, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises; (2) in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) Airline shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.
- C. Airline agrees to furnish services on a reasonable and not unjustly discriminatory basis to all users thereof, and to charge reasonable, and not unjustly discriminatory prices for each unit or

service, provided, that Airline may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

- D. Airline assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Airline or its transferee for the period during which Federal assistance is extended to the Airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, this provision obligates Airline or any transferee for the longer of the following periods: (a) the period during which the property is used by the Authority or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the Authority or any transferee retains ownership or possession of the property.
- E. Airline agrees that it will practice nondiscrimination in its activities and will provide disadvantaged business enterprise participation in its subleases or other agreements as required by the Authority, to the degree reasonably possible, in order to meet the Authority's goals, or as required by the FAA in order to obtain an exemption from the prohibition against long-term exclusive leases.
- F. Airline agrees that it shall insert the above five (5) provisions in any sublease, agreement or contract by which Airline grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Airport.
- G. Airline shall comply with the regulations, rules, ordinances and laws of the State of Minnesota, the Authority, and the City prohibiting discrimination on the basis of race, color, sex, religion, national origin, age, or disability, and as such rules, regulations, ordinances and laws may be amended or unless a waiver has been granted by the United States Government.
- H. Airline, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree that (a) it shall maintain and operate the Leased Premises, and each service, program or activity offered by Airline at the Airport, so that they are readily accessible to and usable by individuals with disabilities (including individuals who use wheelchairs); and (b) no qualified person with a disability shall, solely by reason of his or her disability, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in connection with the services, programs or activities offered by Airline at the Airport. Airline shall conduct all services, programs or activities at the Airport and operate the Leased Premises in compliance with all other requirements applicable to Airline imposed pursuant to 49 CFR part 27, Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance, as said Regulations may be amended from time to time, and any orders issued by the Administrator of the FAA or the Assistant Administrator for Civil Rights (ACR-1) implementing the provisions of Section 504 of the Rehabilitation Act of 1973 (Section 504). In addition, Airline shall comply with all applicable requirements of the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C.

12101-12213) including the Department of Transportation's (DOT) ADA regulations (49 CFR parts 37 and 38) and the regulations of the Department of Justice implementing Titles II and III of the ADA (28 CFR parts 35 and 36).

- I. The breach of any of the above nondiscrimination covenants shall constitute an event of Default by Airline and, in addition to other remedies set forth herein, the Authority shall have the right to terminate this Agreement and to re-enter and repossess Airline's Leased Premises and the facilities thereon and hold the same as if this Agreement had never been made or issued. The right granted to the Authority by the foregoing sentence shall not be effective until applicable procedures of Title 49, Code of Federal Regulations, Part 21 are followed and completed, including exercise or expiration of appeal rights.
- J. Airline shall indemnify and hold harmless the Authority and the City of Duluth from any claims and demands of third persons, including the United States of America, resulting from noncompliance by Airline, its contractors, agents, servants and employees with any of the provisions of this Section 33 and Airline shall reimburse the Authority for any loss or expense incurred by reason of such noncompliance.

#### **SECTION 34 ENTIRE AGREEMENT**

This Agreement, including Exhibits A through D constitutes the entire agreement between the parties and supersedes all prior written and oral agreements and negotiations between the parties relating to the subject matter hereto. There are no representations, warranties, or stipulations either oral or written not herein contained. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes.

[Signature Page Follows]



Dated: \_\_\_\_\_

DULUTH AIRPORT AUTHORITY

DELTA AIRLINES, INC.

By \_\_\_\_\_  
Its President

Its \_\_\_\_\_

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

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

**DULUTH AIRPORT AUTHORITY**

Acknowledgement:

On \_\_\_\_\_ 2018 appeared before me \_\_\_\_\_ and \_\_\_\_\_ the President and Secretary of the Duluth Airport Authority acknowledged that this Agreement had been approved at a legal meeting of the Authority, by majority vote, a quorum being present and proper notice of meeting being given and duly executed this agreement.

\_\_\_\_\_  
Notary public  
My commission expires \_\_\_\_\_

**AIRLINE**

Acknowledgement:

On \_\_\_\_\_ 2018 appeared before me \_\_\_\_\_ the (Title) \_\_\_\_\_ of \_\_\_\_\_, the Airline, and executed this Agreement.

\_\_\_\_\_  
Notary public  
My commission expires \_\_\_\_\_

**Certificate of Secretary**

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

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

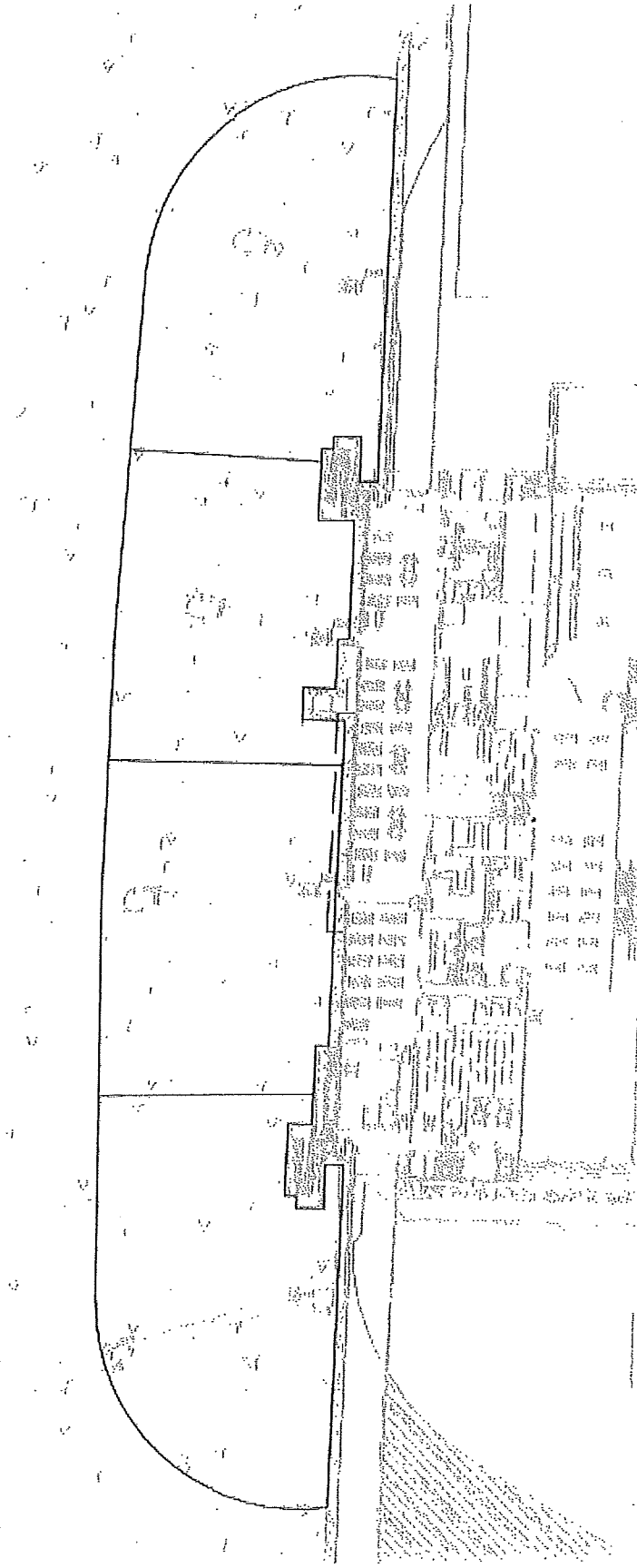
**Exhibit A - Airline Leased Premises****Duluth International Airport*****Preferential Use Premises - Delta***

<b>Room Number</b>	<b>Description</b>	<b>Square Footage</b>
103(b)	Ticket counters and queue (8)	1,280
122	Airline ticket office	221
127	Airline ticket office	267
129	Airline ticket office	109
176(A)	Storage tug tunnel	275
134	Baggage storage	46
126	DGS lockers and storage	738
<b><i>Total Preferential Use Delta</i></b>		<b><i>2,936</i></b>

***Joint Use Premises***

<b>Room Number</b>	<b>Description</b>	<b>Square Footage</b>
120	ATO corridor	546
121	Wheelchair storage	63
176	Tug tunnel (net of preferentially leased space)	11,390
130	Unisex rest room	93
133	Baggage screening room	3,267
150	Corridor (oversized baggage)	194
155	Recheck area	476
116	Baggage claim 1	5,747
117	Baggage claim 2	4,519
142	BHS system storage (tool room)	133
144	CBIS control center	125
233	Holdroom corridor gate 1	233
242	Holdroom corridor to gate 1	463
208	Screening checkpoint	2,787
214	Checkpoint queue	884
215	Deplaning corridor	512
247	Fixed PLB - Gate 1	394
248	Fixed PLB - Gate 4	539
252	Wheelchair storage	129
219	Holdroom Concourse	10,009
---	PLB 1	900
---	PLB 2	900
---	PLB 3	900
---	PLB 4	900
<b><i>Total Joint Use Premises</i></b>		<b><i>46,103</i></b>

**Exhibit B – Terminal Ramp Area  
Duluth International Airport**



## Exhibit C



# Exhibit D - Terminal Maintenance Matrix Duluth International Airport

Revised 1-2-18		Area of Maintenance			
Key	Type of Space	Common Use		Joint Use	Joint Use
		AIRLINE LEASED		AIRLINE LEASED	AIRLINE LEASED
T=Tenant A=Authority N/A= Not applicable	Description of Services	TICKET COUNTER, QUEUE AREA, ATO, AND OPERATIONS SPACE		BAGGAGE MAKE UP, BAGGAGE CLAIM, AND CHECKPOINT	RESTROOMS, CIRCULATION, ESCALATORS, ELEVATORS, AND PUBLIC SEATING
		Front of Counter	Back of Counter	MAKE-UP and BAG CLAIM	
	Type of Service or Maintenance				
		Heating, Ventilation and Air Conditioning			
		Installation			
	Electrical	A		A	A
		A		A	A
		A		A	A
	Bulb, tube and ballast Replacement	A		A	A
		A		A	A
		A		A	A
	Electrical Including Illumination	T		A	N/A
		T		A	N/A
		T		A	A
	(1) Installation- tenant improvement	T		A	A
		T		A	A
		T		A	A
	(2) Maintenance- tenant improvement	A		A	A
		A		A	A
		A		A	A
	(3) Modifications based on tenant needs	A		A	A
		A		A	A
		A		A	A
	Water	A		N/A	A
		A		A	A
		A		A	A
	Installation	A		N/A	N/A
		A		A	A
		A		A	A
	Maintenance	A		N/A	N/A
		A		A	A
		A		A	A

# Exhibit D - Terminal Maintenance Matrix

## Duluth International Airport

Revised 1-2-18

Key	Type of Space	Area of Maintenance			
		Common Use	Preferential Use	Joint Use	Common Use
T=Tenant A=Authority N/A= Not applicable		AIRLINE LEASED		AIRLINE LEASED	
		TICKET COUNTER, QUEUE AREA, ATO, AND OPERATIONS SPACE		BAGGAGE MAKE UP, BAGGAGE CLAIM, AND CHECKPOINT	RESTROOMS, CIRCULATION, ESCALATORS, ELEVATORS, AND PUBLIC SEATING
		Front of Counter	Back of Counter	MAKE-UP and BAG CLAIM	

### Building Maintenance

Paint	A	A	A	A	A
Carpet	A	A	A	A	A
Hard Floor	A	A	A	A	A
Overhead Doors	N/A	NA	NA	A	N/A
Personnel Doors / Locks & keys	A	A	A	A	A
Structural (orig. Airport design excl. specialty finishes)	A	A	A	A	A
Specialty finishes, signs, furniture, counters, podiums (excluding computers)	A	A	A	T	N/A
Exterior of All Kinds	NA	N/A	N/A	A	A
Elevators	NA	N/A	N/A	N/A	A
Escalators	NA	N/A	N/A	N/A	A
Fire Alarm & Suppression System	A	A	A	A	N/A

### Sewage, Plumbing

Installation	N/A	A	N/A	A	N/A
Maintenance	N/A	A	N/A	A	N/A
Distribution	N/A	A	A	A	N/A
Fixtures	N/A	T	A	A	N/A

### Janitorial and Recycling Service

Recycling of Paper, Plastic, and Cardboard	A	T	A	A	A
Basic Janitorial service	A	T	A	A	A
Window Cleaning	A	N/A	A	A	A
(1) Exterior	A	N/A	A	A	A
(2) Interior	A	N/A	A	A	A
Pest Control	A	A	A	A	A

# Exhibit D - Terminal Maintenance Matrix Duluth International Airport

Dulles International Airport					
Revised 1-2-18		Area of Maintenance			
Key	Type of Space	Common Use	Preferential Use	Joint Use	Joint Use
		AIRLINE LEASED		AIRLINE LEASED	AIRLINE LEASED
T=Tenant  A=Authority N/A= Not applicable		TICKET COUNTER, QUEUE AREA, ATO, AND OPERATIONS SPACE		BAGGAGE MAKE UP, BAGGAGE CLAIM, AND CHECKPOINT	RESTROOMS, CIRCULATION, ESCALATORS, ELEVATORS, AND PUBLIC SEATING
		Front of Counter	Back of Counter	MAKE-UP and BAG CLAIM	
		A	A	A	A
Fire Protection					
Passenger Seating					
Installation		N/A	N/A	N/A	A
Maintenance		N/A	N/A	N/A	A
Passenger Loading Bridges and attached Ancillary Equipment					
Installation		N/A	N/A	N/A	A
Maintenance		N/A	N/A	N/A	A
Janitorial		N/A	N/A	N/A	A
(1) Passenger loading bridge		N/A	N/A	N/A	A
(2) Ancillary equipment including Ground Power and PC/air		N/A	N/A	N/A	A
Baggage Conveyance System and Carousels					
Inbound Baggage Conveyors and Carousels					
(1) Installation		N/A	N/A	A	N/A
(2) Maintenance		N/A	N/A	A	N/A
Outbound Baggage Conveyors					
(1) Installation		N/A	A	A	N/A
(2) Maintenance		N/A	A	A	N/A
Ramp Maintenance					
Snow Removal		N/A	N/A	A	N/A
Ramp Cleaning		N/A	N/A	A	N/A
Pavement Painting		N/A	N/A	A	N/A
Pavement (Hard Surface) Maintenance		N/A	N/A	A	N/A

# Exhibit D - Terminal Maintenance Matrix Duluth International Airport

Revised 1-2-18		Area of Maintenance			
Key	Type of Space	Common Use	Preferential Use	Joint Use	Joint Use
		AIRLINE LEASED	AIRLINE LEASED	AIRLINE LEASED	AIRLINE LEASED
T=Tenant A=Authority N/A= Not applicable		TICKET COUNTER, QUEUE AREA, ATO, AND OPERATIONS SPACE	BAGGAGE MAKE UP, BAGGAGE CLAIM, AND CHECKPOINT	RESTROOMS, CIRCULATION, ESCALATORS, ELEVATORS, AND PUBLIC SEATING	HOLDROOM, PASSENGER LOADING BRIDGES, PODIUMS, AND BACKWALLS (EXCLUDING COMPUTERS)
		Front of Counter	Back of Counter	MAKE-UP and BAG CLAIM	

## Communications Infrastructure

Fiber, Conduit, Cable \*

(1) Installation

(2) Maintenance

Wireless Network

(1) Installation

(2) Maintenance

Antennae and Towers

(1) Installation

(2) Maintenance

\* Terminal will have main cable provided by Authority

## Paging System

Installation

Maintenance

T	T	A	A	A	A
T	T	A	A	A	A
A	A	A	A	A	A
A	A	A	A	A	A
A	A	A	A	A	A
N/A	T	T	T	T	T
N/A	T	T	T	T	T

A	A	A	A	A	A
A	A	A	A	A	A

## Standard finishes

Does not apply to concession or other non-airline leased space

Airline responsible for ongoing removal of snow from airline parking position lead in lines

Authority responsible from snow and ice removal from sidewalks surrounding the terminal on a schedule as determined by the Authority