

NEW BUSINESS

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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- Basis of old agreement was from 2011; some items outdated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

AIRLINE USE AND LEASE AGREEMENT
DULUTH INTERNATIONAL AIRPORT

By and Between

Duluth Airport Authority

And

United Airlines, Inc.

Effective Date:
January 1, 2019

PARTIES to this Agreement are the DULUTH AIRPORT AUTHORITY, hereinafter called "Authority," and United Airlines, 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 (10th) 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 Indemnities"), 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: United Airlines, Inc.
Vice President Corporate Real Estate
Corporate Real Estate United
233 S. Wacker Dr. 11th Floor HDQOU
Chicago, IL 60606
Phone: (872) 825-4881

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

UNITED 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 _____

UNITED AIRLINES, INC.

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**

<i>Preferential Use Premises - United</i>		
Room Number	Description	Square Footage
103C	United counters and queue (2)	320
	<i>Total Preferential Use - United</i>	<i>320</i>
<i>Joint Use Premises</i>		
Room Number	Description	Square Footage
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
	<i>Total Joint Use Premises</i>	<i>46,103</i>

[illegible]

[illegible]

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	
Type of Service or Maintenance					
Heating, Ventilation and Air Conditioning					
Installation		A	A	A	A
Maintenance		A	A	A	A
Distribution		A	A	A	A
Electrical					
Bulb, tube and ballast Replacement		A	A	A	A
Electrical Including Illumination		A	A	A	A
(1) Installation- tenant improvement		T	T	A	N/A
(2) Maintenance- tenant improvement		T	T	A	N/A
(3) Modifications based on tenant needs		T	T	A	A
Water					
Installation		A	N/A	N/A	N/A
Maintenance		A	N/A	A	N/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
			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, AND PUBLIC SEATING	HOLDROOM, PASSENGER LOADING BRIDGES, PODIUMS, AND BACKWALLS (EXCLUDING COMPUTERS)
			Front of Counter	Back of Counter	MAKE-UP and BAG CLAIM	
Building Maintenance						
Paint			A	A	A	A
Carpet			A	A	A	A
Hard Floor			A	A	A	A
Overhead Doors			N/A	NA	N/A	N/A
Personnel Doors / Locks & keys			A	A	A	A
Structural (orig. Airport design excl. specialty finishes)			A	A	A	A
Specialty finishes, signs, furniture, counters, podiums (excluding computers)			A	A	N/A	N/A
Exterior of All Kinds			NA	N/A	A	A
Elevators			NA	N/A	N/A	N/A
Escalators			NA	N/A	A	A
Fire Alarm & Suppression System			A	A	A	A
Sewage, Plumbing						
Installation			N/A	A	N/A	N/A
Maintenance			N/A	A	N/A	N/A
Distribution			N/A	A	A	N/A
Fixtures			N/A	T	A	N/A
Janitorial and Recycling Service						
Recycling of Paper, Plastic, and Cardboard			A	T	A	A
Basic Janitorial service			A	T	A	A
Window Cleaning			A	N/A	A	A
(1) Exterior			A	N/A	A	A
(2) Interior			A	N/A	A	A
Pest Control			A	A	A	A

Revised 1-2-18	
Area of Maintenance	

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

Exhibit D - Terminal Maintenance Matrix Duluth International Airport

Revised 1-2-18	Type of Space	Area of Maintenance			
		Common Use	Preferential Use	Joint Use	Joint Use
Key		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		MAKE-UP and BAG CLAIM	
		Back of Counter			

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

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

AIRLINE USE AND LEASE AGREEMENT
DULUTH INTERNATIONAL AIRPORT

By and Between

Duluth Airport Authority

And

SkyWest Airlines, Inc.

Effective Date:
January 1, 2019

PARTIES to this Agreement are the DULUTH AIRPORT AUTHORITY, hereinafter called "Authority," and SkyWest Airlines, 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 (10th) 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 Indemnatee" 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: SkyWest Airlines, Inc.
444 South River Road
St. George, UT 84790
Attn: Properties

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

SKYWEST 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 _____

SKYWEST AIRLINES, INC.

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

<i>Preferential Use Premises - Skywest</i>		
Room Number	Description	Square Footage
103C	United counters and queue (4)	320
123	United ATO office	182
<i>Total Preferential Use - United</i>		<i>502</i>

<i>Joint Use Premises</i>		
Room Number	Description	Square Footage
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
<i>Total Joint Use Premises</i>		<i>46,103</i>

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



Signatory Reporting Activity

[illegible]Passenger/Airport Data[illegible]

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	Common Use	Joint Use
		AIRLINE LEASED		AIRLINE LEASED		AIRLINE LEASED
T=Tenant		TICKET COUNTER, QUEUE AREA, ATO, AND OPERATIONS SPACE		BAGGAGE MAKE UP, BAGGAGE CLAIM, AND CHECKPOINT	RESTROOMS, CIRCULATION, ESCALATORS, AND PUBLIC SEATING	HOLDROOM, PASSENGER LOADING BRIDGES, PODIUMS, AND BACKWALLS (EXCLUDING COMPUTERS)
A=Authority				MAKE-UP and BAG CLAIM		
N/A= Not applicable		Front of Counter	Back of Counter			
Description of Services						
Type of Service or Maintenance						
Heating, Ventilation and Air Conditioning						
Installation		A	A	A	A	A
Maintenance		A	A	A	A	A
Distribution		A	A	A	A	A
Electrical						
Bulb, tube and ballast Replacement		A	A	A	A	A
Electrical Including Illumination		A	A	A	A	A
(1) Installation- tenant improvement		T	T	A	A	N/A
(2) Maintenance- tenant improvement		T	T	A	A	N/A
(3) Modifications based on tenant needs		T	T	A	A	A
Water						
Installation		A	N/A	N/A	A	N/A
Maintenance		A	N/A	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	Common Use	Joint Use
		AIRLINE LEASED		AIRLINE LEASED	RESTROOMS, CIRCULATION, ESCALATORS, ELEVATORS, AND PUBLIC SEATING	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		HOLDROOM, PASSENGER LOADING BRIDGES, PODIUMS, AND BACKWALLS (EXCLUDING COMPUTERS)
		Front of Counter	Back of Counter	MAKE-UP and BAG CLAIM		
Building Maintenance						
		A	A	A	A	A
		A	A	A	A	A
		A	A	A	A	A
		N/A	NA	A	N/A	N/A
		A	A	A	A	A
		A	A	A	A	A
		A	A	T	N/A	A
		NA	N/A	A	A	A
		NA	N/A	N/A	A	A
		NA	N/A	N/A	A	N/A
		A	A	A	A	A
Sewage, Plumbing						
		N/A	A	N/A	A	N/A
		N/A	A	N/A	A	N/A
		N/A	A	A	A	N/A
		N/A	T	A	A	N/A
Janitorial and Recycling Service						
		A	T	A	A	A
		A	T	A	A	A
		A	N/A	A	A	A
		A	N/A	A	A	A
		A	N/A	A	A	A
		A	A	A	A	A

Exhibit D - Terminal Maintenance Matrix Duluth International Airport

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

A	A	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



December 7, 2018

MEMORANDUM FOR RECORD

RE: Employee Incentive Recommendations

In accordance with Duluth Airport Authority's (DAA) Operating Policy 5 (OP 5), I have received incentive recommendations for the following employees:

- \$300- Wade Cossalter, Airport II
- \$300- Dan Taylor, Maintenance Supervisor
- \$300- Ryan Welch, Facilities Manager

I have investigated the circumstances resulting in the recommendations and support their submission to the DAA Board of Directors for consideration under OP 5. The following summaries are submitted to support each of the recommended awards:

Wade Cossalter is the lone Duluth Airport Authority (DAA) employee on the airfield during the evening and weekend shifts. Responsible for routine airfield maintenance actions and safety inspections, Wade is also tasked with handling non-routine events as they occur. Historically, most air carrier diversion events seem to happen during late hours of the day and Wade handles them with efficient professionalism. On April 14, 2018 the Duluth International Airport received eleven air carrier aircraft ranging from CRJ sized aircraft to large body Boeing 757s, all which needed to be parked and refueled. Wade assisted the Tower coordinate parking on the Midfield Ramp, Tower Ramp, Terminal Ramp, RWY 03/21, TWY Delta and TWY Bravo. While not only tracking aircraft tail numbers, aircraft make/model and parking time, Wade assisted the Tower, DGS and Monaco with monitoring passenger holding times. Wade is a part time DGS employee who is knowledgeable of passenger holding times or how long passengers can be retained on board before requiring services or deplaning. When diverted aircraft stay at Duluth past two hours, Wade helps direct aircraft movement in and out of the Terminal gates, ensuring the airport doesn't exceed maximum holding times as well as ensuring gate access for regularly scheduled flights. Wade always ensures the DAA leadership team is notified of diversion aircraft and assistance he may need from DGS and/or the airfield maintenance team. Wade can always be counted on to expertly manage a diversion event, reflecting great credit upon himself and the Duluth Airport Authority.

Daniel Taylor's expedient decision making and instinctive actions on November 23, 2018 were crucial to preserving the safety of the public at the Duluth International Airport. Upon realizing an unauthorized person driving a sport utility vehicle (SUV) had breached the airport security fence and was travelling on a controlled taxiway, Dan immediately contacted the Air Traffic



DULUTH INTERNATIONAL AIRPORT

Closer to everywhere.

Control Tower to close the airfield and then called 911. With the unpredictability of the SUV driver's intent, Dan's decisive actions maximized the safety of the airfield and approaching air traffic. While tracking the SUV's location, Dan coordinated airfield access for three responding law enforcement agencies through multiple airfield gates. Dan called the Airport Operations Director and Airside Manager to notify them of the event and request their assistance during which time he was tracking the police pursuit on the airfield. At one point prior to law enforcement arrival, the SUV was heading east toward the terminal. Dan was able to position his vehicle in front of the SUV and convince the driver to turn away from the Terminal Ramp. Once the SUV was disabled by a police "PIT" maneuver, Dan ensured Runway 09/27 was clear of FOD and reopened the airfield with the Tower to allow aircraft operations to resume. He then assisted the Duluth Police Department with extraction of the SUV from the area where it crashed through the airport perimeter fence and came to rest in a wetland. After the airfield was clear of police vehicles, Dan assisted the airfield maintenance crew with temporary repairs to the damaged airfield perimeter fence and access gate. Dan's calm and decisive actions throughout the event helped keep air traffic as well as the traveling public safe. Dan Taylor's distinctive accomplishments reflect great credit upon himself and the Duluth Airport Authority.

Ryan Welch has been employed with the Duluth Airport Authority (DAA) for 5 years as the Landside Manager. Ryan's duties include but not limited to lawn care, plumbing, electrical, information technology, tenant relations, building maintenance and snow removal operations. During his tenure at the DAA, Ryan has been instrumental in developing a sustainability program for the airport all while balancing his day to day responsibilities. His diligence and constant oversight of the airport's utilities has driven a 15% reduction in overall utility use. This reduction has led to a \$32,000 reduction to the airports budget over the past 5 years. Ryan continually monitors the utility use to maximize savings without reducing efficiencies. Ryan frequently tells DAA staff that there is no more savings to be had, yet Ryan continues to find ways to increase energy savings.

Ryan Welch's distinctive accomplishments reflect great credit upon himself and the Duluth Airport Authority.

Please refer questions regarding this recommendation to the undersigned.

Tom Werner
Executive Director
Duluth Airport Authority



Duluth Airport Authority
DAA Board Packet Budget vs. Actual
From Jan 2018 to Oct 2018

Unaudited

Financial Row	Prior Year Actual (Jan 2017 - Oct 2017)	Current Year Actual (Jan 2018 - Oct 2018)	Budget Amount (Jan 2018 - Oct 2018)	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2018 - Adjust 2018)
Ordinary Income/Expense						
Income						
Non-Aeronautical Revenue	\$2,536,103.27	\$2,289,674.01	\$2,225,124.22	(\$246,429.26)	\$64,549.79	\$2,570,299.10
Non-Passenger Aeronautical Revenue	\$1,375,051.52	\$1,358,806.89	\$1,292,811.89	(\$16,244.63)	\$65,995.00	\$1,517,676.97
Passenger Airline Aeronautical Revenue	\$845,458.39	\$1,037,954.15	\$1,043,451.00	\$192,495.76	(\$5,496.85)	\$1,243,501.00
Total - Income	\$4,756,613.18	\$4,686,435.05	\$4,561,387.11	(\$70,178.13)	\$125,047.94	\$5,331,477.07
Gross Profit	\$4,756,613.18	\$4,686,435.05	\$4,561,387.11	(\$70,178.13)	\$125,047.94	\$5,331,477.07
Expense						
Miscellaneous Expenses	\$17,120.94	\$21,131.42	\$23,143.30	\$4,010.48	(\$2,011.88)	\$27,549.96
Personnel Compensation & Benefits	\$1,536,586.11	\$1,562,836.91	\$1,660,513.48	\$26,250.80	(\$97,676.57)	\$2,058,343.06
Services and Charges	\$1,363,029.51	\$1,474,206.22	\$1,321,095.07	\$111,176.71	\$153,111.15	\$1,590,565.29
Supplies	\$371,761.55	\$385,245.67	\$398,874.60	\$13,484.12	(\$13,628.93)	\$440,600.08
Total - Expense	\$3,288,498.11	\$3,443,420.22	\$3,403,626.45	\$154,922.11	\$39,793.77	\$4,117,058.39
Net Ordinary Income	\$1,468,115.07	\$1,243,014.83	\$1,157,760.66	(\$225,100.24)	\$85,254.17	\$1,214,418.68
Other Income and Expenses						
Other Income						
Non-Operating Revenue	\$451,180.13	\$463,438.60	\$425,000.00	\$12,258.47	\$38,438.60	\$488,100.00
Total - Other Income	\$451,180.13	\$463,438.60	\$425,000.00	\$12,258.47	\$38,438.60	\$488,100.00
Other Expense						
Non-Operating Expense	\$294,211.20	\$276,036.60	\$339,453.30	(\$18,174.60)	(\$63,416.70)	\$407,343.84
Total - Other Expense	\$294,211.20	\$276,036.60	\$339,453.30	(\$18,174.60)	(\$63,416.70)	\$407,343.84
Net Other Income	\$156,968.93	\$187,402.00	\$85,546.70	\$30,433.07	\$101,855.30	\$80,756.16
Net Income Exclusive of Project Expenses, Depreciation & Amortization	\$1,625,084.00	\$1,430,416.83	\$1,243,307.36	(\$194,667.17)	\$187,109.47	\$1,295,174.84
Projects/Grants	\$3,609,076.51	\$2,861,506.00	\$11,849,583.40	(\$747,570.51)	(\$8,988,077.40)	\$14,219,500.08
Depreciation & Amortization	(\$7,959,522.48)	(\$30,328.00)	(\$8,034,924.10)	\$7,929,194.48	\$8,004,596.10	(\$9,641,908.92)
Net Income	(\$2,725,361.97)	\$4,261,594.83	\$5,057,966.66	\$6,986,956.80	(\$796,371.83)	\$5,872,766.00

* This report is based on an allocated budget, which is seasonally adjusted. At this time the DAA is at a positive variance of over 187k.

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

* Revenue's largest variances from budget come from concession revenues, such as parking, car rental and other FBO and operator concessions & CFCs. Revenue is over 125k over budget.

* Expense's largest variance from budget comes from reduced personnel compensation and benefits and increased repairs and maintenance expenses and supplies. Expenses are nearly 40k over budget.

* Non operating revenue is up by 38k+ which is due to increased PFCs related to passenger traffic increased interest revenue by maintaining larger reserve funds.

* Non operating expenses is 63k+ below budget due to reduced interest expenses. We have used the line of credit very minimally and have used our cash balances to cash flow during high construction periods.

Duluth Airport Authority
Balance Sheet
End of Oct 2018

Financial Row	Amount
ASSETS	
Current Assets	
Bank	
Checking Account - Wells Fargo	(\$25,675.86)
Petty Cash	\$100.00
Pooled Cash - City Balance	\$868,732.75
Total Bank	\$843,156.89
Accounts Receivable	
Accounts Receivable - Restricted PFC	\$48,925.23
Accounts Receivable Billed	\$668,455.11
Total Accounts Receivable	\$717,380.34
Other Current Asset	
Inventory Assets	\$26,812.06
Prepaid Items	\$60,134.58
Total Other Current Asset	\$86,946.64
Total Current Assets	\$1,647,483.87
Fixed Assets	
Accumulated Depreciation	(\$100,852,356.88)
Capital Assets	\$220,376,476.41
Work in Progress	\$9,500,875.36
Total Fixed Assets	\$129,024,994.89
Other Assets	
Accumulated Amortization	(\$1,299,894.66)
Airport Planning Projects - Contributed	\$2,223,950.52
Airport Planning Projects - Invested	\$400,003.05
Deferred Outflows	\$571,852.00
Lease Buyout Costs	\$27,294.55
Total Other Assets	\$1,923,205.46
Total ASSETS	\$132,595,684.22
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	
Accounts Payable	\$143,286.02
Contracts Payable	\$1,414,095.37
Total Accounts Payable	\$1,557,381.39
Credit Card	\$7,969.69
Other Current Liability	11,431,528.23
Total Current Liabilities	12,996,879.31
Long Term Liabilities	
LT Loans Payable - DEDA MIF	\$33,333.70
LT Revenue Note Payable FBO Acquisition	\$35,910.92
Net Other Postemployment Benefits Liability	\$1,439,444.19
Net Pension Liability	\$1,295,939.00
Total Long Term Liabilities	\$2,804,627.81
Equity	
Contributed Equity	\$16,621,668.70
Retained Earnings	\$95,910,913.57
Net Income	4,261,594.83
Total Equity	116,794,177.10
Total LIABILITIES & EQUITY	132,595,684.22

Duluth Airport Authority
Income Statement
From Jan 2018 to Oct 2018

Financial Row	Amount
Ordinary Income/Expense	
Income	
Non-Aeronautical Revenue	
Advertising Income	\$11,150.00
Concession Revenue	
ATM	\$645.50
Car Rental Concession	\$463,029.48
Food & Beverage Concession	\$63,769.45
Parking	\$958,481.64
Services/Other	\$500.00
TNC Per Trip Fee	\$9,062.00
Vending	\$5,391.86
Total - Concession Revenue	\$1,500,879.93
Customer Facility Charges	\$257,744.00
Miscellaneous Revenues	115,407.76
Parking	\$119,613.08
Permits	\$8,304.43
Plowing Services	\$6,750.00
Reimbursed Expenses	34,507.57
Rent	\$123,620.77
Sponsorship Income	\$50,000.00
State Aid	\$61,696.47
Total - Non-Aeronautical Revenue	2,289,674.01
Non-Passenger Aeronautical Revenue	
Aviation Gas	\$79,823.95
Concession Revenue	
Flight Training/Tour Operations	\$10,307.50
Fuel Flowage Fees	\$78,243.13
Hangar Rent	\$3,646.24
Landing Fees	\$22,734.86
Mechanic	\$724.32
Misc Sales/Other	\$4,060.26
Per Turn Fees	\$8,137.50
Total - Concession Revenue	\$127,853.81
Event Income	\$34,016.44
Landing Fees	\$35,171.24
Ramp Fees	\$15,496.80
Rent	980,391.64
Security Reimbursement	\$80,963.01
Tie Downs	\$5,090.00
Total - Non-Passenger Aeronautical Revenue	1,358,806.89
Passenger Airline Aeronautical Revenue	
Landing Fees	\$279,717.13
Terminal Office/Space Rental	\$758,237.02
Total - Passenger Airline Aeronautical Revenue	\$1,037,954.15
Total - Income	4,686,435.05
Gross Profit	4,686,435.05
Expense	
Amortization Expense	\$30,328.00
Miscellaneous Expenses	21,131.42
Personnel Compensation & Benefits	
Benefit Administration Fees	528.30
Employer Contributions for Retirement	\$138,497.87
Employer Paid Insurance	\$255,226.10
Retiree Benefits	\$52,639.02
Unemployment Compensation	\$278.52

Financial Row	Amount
Wages & Salaries	\$1,073,211.80
Worker's Compensation	\$42,455.30
Total - Personnel Compensation & Benefits	1,562,836.91
Services and Charges	
Advertising	\$605.49
Badging	\$7,700.00
Central Services Fee	\$37,666.60
Communications & Technology	\$109,503.46
Employee Development Services	\$28,295.47
Employee Physicals	\$1,570.00
Finance Charge	\$9.46
Insurance	\$52,221.40
Marketing	122,134.71
Professional Services	\$275,274.57
Rentals	\$9,609.25
Repairs and Maintenance - Contractual/Services	439,603.88
Sponsorship Expenses	\$615.00
Transportation	\$3,570.10
Utility Services	
Electric	\$259,110.36
Fuel Oil	\$2,077.44
Natural Gas	\$48,332.93
Propane	\$1,020.89
Refuse Disposal	\$28,809.21
Storm Water	\$35,481.66
Water	\$10,994.34
Total - Utility Services	\$385,826.83
Total - Services and Charges	1,474,206.22
Supplies	
Merchandise for Resale	\$61,643.49
Office Supplies	\$19,227.89
Operating Supplies	\$96,269.25
Repairs & Maintenance Supplies	208,105.04
Total - Supplies	385,245.67
Total - Expense	3,473,748.22
Net Ordinary Income	1,212,686.83
Other Income and Expenses	
Other Income	
Capital Contributions	
Contributed Capital	\$139,390.84
Grants	\$2,722,115.16
Total - Capital Contributions	\$2,861,506.00
Non-Operating Revenue	
Interest Income	\$37,529.00
Passenger Facility Charges	\$425,909.60
Total - Non-Operating Revenue	\$463,438.60
Total - Other Income	\$3,324,944.60
Other Expense	
Non-Operating Expense	
Interest Expense	\$276,036.60
Total - Non-Operating Expense	\$276,036.60
Total - Other Expense	\$276,036.60
Net Other Income	\$3,048,908.00
Net Income	4,261,594.83



Duluth Airport Authority
Duluth A/R Aging Report
As of December 11, 2018

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

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT	11/11/2018 - 12/10/2018 (30)	10/12/2018 - 11/10/2018 (60)	9/12/2018 - 10/11/2018 (90)	BEFORE 9/12/2018 (>90)	TOTAL
						Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance
Bemidji Aviation	Payment	12/11/2018	3874	12/11/2018	0	(\$989.02)	\$0.00	\$0.00	\$0.00	\$0.00	(\$989.02)
BKR Investments						\$0.00	\$250.00	\$250.00	\$0.00	\$0.00	\$500.00
DBA Duluth Pack											
Brown, James	Invoice	12/7/2018	4334	1/6/2019	4	\$0.00	\$239.75	\$0.00	\$0.00	\$0.00	\$239.75
Budget Rent A Car	Invoice	12/3/2018	4295	1/2/2019	8	\$0.00	\$1,230.57	\$0.00	\$0.00	\$0.00	\$1,230.57
Case, Ronald Jr.	Invoice	10/16/2018	4159	11/15/2018	56	\$0.00	\$0.00	\$51.00	\$0.00	\$0.00	\$51.00
Churchill, Sean						\$0.00	\$185.21	\$193.56	\$0.00	\$0.00	\$378.77
Cirrus Design Corporation						\$0.00	\$22,324.67	\$0.00	\$0.00	\$0.00	\$22,324.67
City of Duluth											
Civil Air Patrol	Invoice	5/15/2018	3477	6/14/2018	210	\$0.00	\$1,581.14	\$1,581.14	\$0.00	\$0.00	\$3,162.28
Compudyne											
Dallmann, Nathan	Invoice	10/16/2018	4161	11/15/2018	56	\$0.00	\$0.00	\$28.30	\$0.00	\$0.00	\$56.60
Damaged Claim Services	Invoice	11/28/2018	4354	12/28/2018	13	\$0.00	\$1,507.40	\$51.00	\$0.00	\$0.00	\$1,507.40
Delta Airlines											
Divine Carriers	Invoice	12/3/2018	4310	1/2/2019	8	\$0.00	(\$3,317.98)	(\$3,317.98)	(\$3,317.98)	\$0.00	(\$9,953.94)
Edwards Michael	Invoice	10/16/2018	4163	11/15/2018	56	\$0.00	\$229.31	\$0.00	\$0.00	\$0.00	\$229.31
Engstad, David											
Enterprise Leasing Company						\$0.00	\$181.75	\$170.52	\$0.00	\$0.00	\$352.27
						\$0.00	\$0.00	\$186.64	\$0.00	\$6.00	\$192.64
Federal Aviation Administration											
Federal Express Corporation						\$0.00	\$13,026.00	\$13,026.00	\$0.00	\$0.00	\$26,052.00
						\$0.00	\$0.00	\$1,360.00	\$0.00	\$350.00	\$1,710.00
FEDEX Duluth C/O CBC Fisher Group	Invoice	12/6/2018	4331	1/5/2019	5	\$0.00	\$7,324.73	\$0.00	\$0.00	\$0.00	\$7,324.73
Gardonio, Michael	Invoice	12/6/2018	4330	1/5/2019	5	\$0.00	\$1,587.42	\$0.00	\$0.00	\$0.00	\$1,587.42
Goritchan Boris											
Graves, Michelle	Invoice	10/16/2018	4164	11/15/2018	56	\$0.00	\$0.00	\$180.00	\$0.00	\$129.00	\$309.00
Griffith Evans	Invoice	10/15/2018	4119	11/14/2018	57	\$0.00	\$0.00	\$153.00	\$0.00	\$0.00	\$153.00
Grimsbo, Gerald											
Hagberg, Rick	Invoice	12/7/2018	4345	1/6/2019	4	\$0.00	\$0.00	\$153.00	\$0.00	\$153.00	\$306.00
Hall John	Invoice	12/3/2018	4299	1/2/2019	8	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$181.75
Hatfield, Dan	Invoice	12/7/2018	4341	1/6/2019	4	\$0.00	\$5.81	\$0.00	\$0.00	\$0.00	\$5.81
Heimbach Ann	Invoice	7/26/2018	3770	8/25/2018	138	\$0.00	\$181.75	\$0.00	\$0.00	\$0.00	\$181.75
						\$0.00	\$0.00	\$0.00	\$0.00	\$15.00	\$15.00

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT Open Balance	11/11/2018 - 12/10/2018 (30)		10/12/2018 - 11/10/2018 (60)		9/12/2018 - 10/11/2018 (90)		BEFORE 9/12/2018 (>90)		TOTAL Open Balance
							Open Balance		Open Balance		Open Balance		Open Balance		
Hermantown Hydraulics						\$0.00	\$610.56		\$610.56		\$610.56		\$1,229.08		\$3,060.76
Hertz-Overland West	Invoice	12/3/2018	4300	1/2/2019	8	\$0.00	\$1,600.13		\$0.00		\$0.00		\$0.00		\$1,600.13
Hillman Collin	Invoice	11/15/2018	4250	12/15/2018	26	\$0.00	\$240.00		\$0.00		\$0.00		\$0.00		\$240.00
Hydro Solutions, Inc.						\$0.00	\$3,466.75		\$0.00		\$0.00		\$41,951.34		\$45,418.09
IPSOS MMA	Invoice	12/6/2018	4332	1/5/2019	5	\$0.00	\$2,000.00		\$0.00		\$0.00		\$0.00		\$2,000.00
Jeff Foster Trucking	Invoice	12/7/2018	4339	1/6/2019	4	\$0.00	\$239.75		\$0.00		\$0.00		\$0.00		\$239.75
Jelinski John						\$0.00	\$0.00		\$60.00		\$0.00		\$570.00		\$630.00
Johnson, Richard	Invoice	12/7/2018	4335	1/6/2019	4	\$0.00	\$421.50		\$0.00		\$0.00		\$0.00		\$421.50
Johnston, Paul	Invoice	12/7/2018	4350	1/6/2019	4	\$0.00	\$181.75		\$0.00		\$0.00		\$0.00		\$181.75
Lake Superior Aviation, LLP	Invoice	12/3/2018	4320	1/2/2019	8	\$0.00	\$705.98		\$0.00		\$0.00		\$0.00		\$705.98
Lake Superior College	Invoice	12/3/2018	4314	1/2/2019	8	\$0.00	\$33,775.67		\$0.00		\$0.00		\$0.00		\$33,775.67
Lake Superior Helicopters						\$0.00	\$995.72		\$0.00		\$0.00		\$0.00		\$995.72
Love Creamery						(\$30.00)	\$0.00		(\$60.00)		\$0.00		\$0.00		(\$90.00)
M & M Light Transport	Invoice	12/7/2018	4343	1/6/2019	4	\$0.00	\$181.75		\$0.00		\$0.00		\$0.00		\$181.75
Mark Marino						\$0.00	\$0.00		\$0.00		(\$45.00)		\$0.00		(\$45.00)
Maurices, Inc.	Invoice	12/10/2018	4355	1/9/2019	1	\$0.00	\$2,000.00		\$0.00		\$0.00		\$0.00		\$2,000.00
Minnesota Air National Guard						\$0.00	\$8,149.40		\$2,010.33		\$0.00		\$0.00		\$10,159.73
Minnesota Power	Invoice	12/3/2018	4304	1/2/2019	8	\$0.00	\$425.90		\$0.00		\$0.00		\$0.00		\$425.90
Monaco Air Duluth						\$0.00	\$5,624.53		\$1,908.01		\$0.00		\$0.00		\$7,532.54
Mountain Air Cargo						\$0.00	\$1,549.68		\$12,397.44		\$0.00		\$1,966.74		\$15,913.86
Northland Constructors, Inc.	Invoice	12/3/2018	4308	1/2/2019	8	\$0.00	\$181.50		\$0.00		\$0.00		\$0.00		\$181.50
Oberfoell Auctioneers/Do-Bid.com						\$0.00	(\$1,402.62)		\$0.00		(\$1,748.02)		(\$2,360.89)		(\$5,511.53)
Opack Matthew Jr.	Invoice	12/7/2018	4352	1/6/2019	4	\$0.00	\$185.21		\$0.00		\$0.00		\$0.00		\$185.21
Palmer, John	Invoice	12/7/2018	4353	1/6/2019	4	\$0.00	\$185.21		\$0.00		\$0.00		\$0.00		\$185.21
Parthe, Lance						\$0.00	\$239.75		\$229.92		\$0.00		\$0.00		\$469.67
Payne, Robert	Invoice	12/7/2018	4333	1/6/2019	4	\$0.00	\$239.75		\$0.00		\$0.00		\$0.00		\$239.75
QMS, INC.						\$0.00	\$329.98		\$0.00		\$0.00		\$0.00		\$329.98
Rasier, LLC						\$0.00	(\$636.00)		\$281.50		\$0.00		\$0.00		(\$354.50)
Rathbun, David	Invoice	12/7/2018	4344	1/6/2019	4	\$0.00	\$181.75		\$0.00		\$0.00		\$0.00		\$181.75
Reabe, Troy	Invoice	12/7/2018	4349	1/6/2019	4	\$0.00	\$181.75		\$0.00		\$0.00		\$0.00		\$181.75
RS&H	Invoice	12/3/2018	4321	1/2/2019	8	\$0.00	\$2,029.72		\$0.00		\$0.00		\$0.00		\$2,029.72
Safstrom Jon						\$0.00	\$0.00		\$153.00		\$0.00		\$153.00		\$306.00
Security Jewelers						\$0.00	\$250.00		\$250.00		\$250.00		\$0.00		\$750.00
Siegel, Jerry	Invoice	12/7/2018	4338	1/6/2019	4	\$0.00	\$239.75		\$0.00		\$0.00		\$0.00		\$239.75
Skywest Airlines	Payment	12/6/2018	3849	12/6/2018	5	\$0.00	(\$5,862.78)		\$0.00		\$0.00		\$0.00		(\$5,862.78)
Stevens, Mike	Invoice	12/7/2018	4346	1/6/2019	4	\$0.00	\$181.75		\$0.00		\$0.00		\$0.00		\$181.75
Sydow Dan						\$0.00	\$239.75		\$229.92		\$229.92		\$0.00		\$699.59

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT Open Balance	11/11/2018 - 12/10/2018 (30)		10/12/2018 - 11/10/2018 (60)		9/12/2018 - 10/11/2018 (90)		BEFORE 9/12/2018 (>90)		TOTAL Open Balance
							Open Balance		Open Balance		Open Balance		Open Balance		
Tahtinen, Frank Transportation Security Administration	Invoice	12/7/2018	4348	1/6/2019	4	\$0.00	\$181.75		\$0.00		\$0.00		\$0.00		\$181.75
	Invoice	10/12/2018	4145	11/11/2018	60	\$0.00	\$0.00		\$460.00		\$0.00		\$0.00		\$460.00
United Airlines															
United Parcel Service Williams, Ron	Invoice	10/12/2018	4146	11/11/2018	60	\$0.00	\$1,063.47		\$115.00		\$0.00		\$0.00		\$1,178.47
	Invoice	12/7/2018	4342	1/6/2019	4	\$0.00	\$181.75		\$0.00		\$0.00		\$0.00		\$181.75
WLSSD	Invoice	12/3/2018	4324	1/2/2019	8	\$0.00	\$10,000.00		\$0.00		\$0.00		\$0.00		\$10,000.00
Total						(\$1,019.02)	\$117,108.09		\$33,072.86		(\$4,020.52)		\$44,306.56		\$189,447.97

II

DULUTH AIRLINE STATISTICS ALL SCHEDULED AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2017/2018			
	2016	2017	2018	2016	2017	2018	2016	2017	2018	ORIG	% DIFF	TOTAL	% DIFF
JAN	8,897	9,026	8,797	8,192	8,029	7,939	17,089	17,055	16,736	(229)	(2.54)	(319)	(1.87)
FEB	9,179	8,974	8,453	8,725	8,556	7,875	17,904	17,530	16,328	(521)	(5.81)	(1,202)	(6.86)
MAR	11,015	11,053	11,915	11,043	10,613	11,824	22,058	21,666	23,739	862	7.80	2,073	9.57
APR	10,308	9,449	11,172	10,166	9,859	11,665	20,474	19,308	22,837	1,723	18.23	3,529	18.28
MAY	9,587	9,770	10,907	10,220	10,334	11,409	19,807	20,104	22,316	1,137	11.64	2,212	11.00
JUN	10,675	11,328	11,970	11,018	11,908	12,723	21,693	23,236	24,693	642	5.67	1,457	6.27
JUL	12,361	12,316	13,493	12,440	12,332	14,446	24,801	24,648	27,939	1,177	9.56	3,291	13.35
AUG	13,174	12,600	13,913	12,605	12,281	13,704	25,779	24,881	27,617	1,313	10.42	2,736	11.00
SEP	11,489	10,973	12,874	10,908	10,426	12,329	22,397	21,399	25,203	1,901	17.32	3,804	17.78
OCT	12,299	11,657	13,579	11,696	11,006	13,011	23,995	22,663	26,590	1,922	16.49	3,927	17.33
NOV	9,419	9,038	10,974	9,304	8,627	10,846	18,723	17,665	21,820	1,936	21.42	4,155	23.52
DEC	8,298	7,263	-	8,441	7,421	-	16,739	14,684	-	-	-	-	-
TOTAL	126,701	123,447	128,047	124,758	121,392	127,771	251,459	244,839	255,818	11,863	10.02	25,663	10.85

TOTALS WITH CHARTER INCLUDED

Month	Enplanements			Deplanements			Total
	2016	2017	2018	2016	2017	2018	
JAN	9,188	9,163	9,100	8,483	8,166	8,465	17,565
FEB	9,287	9,235	8,556	8,833	8,817	7,978	16,534
MAR	11,060	11,053	12,222	11,088	10,690	11,968	24,190
APR	10,620	9,907	11,666	10,478	10,317	11,997	23,663
MAY	9,740	9,922	11,052	10,373	10,486	11,568	22,620
JUN	10,781	11,467	12,121	11,018	12,047	12,874	24,995
JUL	12,361	12,585	13,744	12,657	12,601	14,697	28,441
AUG	13,524	12,600	13,913	12,947	12,281	13,704	27,617
SEP	11,641	11,249	13,156	11,060	10,426	12,611	25,767
OCT	12,447	11,657	13,739	11,844	11,149	13,171	26,910
NOV	9,621	9,038	11,108	9,506	8,627	10,980	22,088
DEC	8,298	7,405	-	8,441	7,563	-	-
Total	128,568	125,281	130,377	126,728	123,170	130,013	260,390

DULUTH AIRLINE STATISTICS

DELTA AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2017/2018			
	2016	2017	2018	2016	2017	2018	2016	2017	2018	ORIG	%DIFF	TOTAL	%DIFF
JAN	5,556	5,326	4,972	5,221	4,826	4,597	10,777	10,152	9,569	(354)	(6.65)	(583)	(5.74)
FEB	6,023	5,325	4,941	5,795	5,155	4,623	11,818	10,480	9,564	(384)	(7.21)	(916)	(8.74)
MAR	7,534	7,149	7,360	7,458	6,928	7,334	14,992	14,077	14,694	211	2.95	617	4.38
APR	6,940	6,072	6,606	6,689	6,308	6,688	13,629	12,380	13,294	534	8.79	914	7.38
MAY	6,082	6,168	6,717	6,498	6,668	6,857	12,580	12,836	13,574	549	8.90	738	5.75
JUN	6,660	6,825	6,780	6,765	7,115	7,000	13,425	13,940	13,780	(45)	(0.66)	(160)	(1.15)
JUL	7,580	7,300	7,225	7,427	7,381	7,989	15,007	14,681	15,214	(75)	(1.03)	533	3.63
AUG	8,098	7,399	7,751	7,500	7,225	7,679	15,598	14,624	15,430	352	4.76	806	5.51
SEP	6,717	6,419	6,634	6,253	6,092	6,560	12,970	12,511	13,194	215	3.35	683	5.46
OCT	7,909	7,209	7,162	7,418	6,785	6,965	15,327	13,994	14,127	(47)	(0.65)	133	0.95
NOV	6,111	5,822	6,322	6,054	5,553	6,338	12,165	11,375	12,660	500	8.59	1,285	11.30
DEC	5,182	4,709		5,287	4,857		10,469	9,566	-				
TOTAL	80,392	75,723	72,470	78,365	74,893	72,630	158,757	150,616	145,100	1,456	1.92	4,050	2.61

Month	2018 ENPLANEMENTS			2018 DEPLANEMENTS		
	Non Rev	Revenue	Total	Non Rev	Revenue	Total
JAN	287	4,685	315	4,282	4,282	9,569
FEB	263	4,678	249	4,374	4,374	9,564
MAR	429	6,931	483	6,851	6,851	14,694
APR	490	6,116	494	6,194	6,194	13,294
MAY	423	6,294	366	6,491	6,491	13,574
JUN	357	6,423	324	6,676	6,676	13,780
JUL	297	6,928	304	7,685	7,685	15,214
AUG	357	7,394	336	7,343	7,343	15,430
SEP	272	6,362	286	6,274	6,274	13,194
OCT	281	6,881	288	6,677	6,677	14,127
NOV	353	5,969	376	5,962	5,962	12,660
Total	3,809	68,661	3,821	68,809	68,809	145,100

DULUTH AIRLINE STATISTICS UNITED AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2017/2018 PASS. INCREASE/DECREASE			
	2016	2017	2018	2016	2017	2018	2016	2017	2018	ORIG	%DIFF	TOTAL	%DIFF
JAN	3,341	3,700	3,825	2,971	3,203	3,342	6,312	6,903	7,167	125	3.38	264	3.82
FEB	3,156	3,649	3,512	2,930	3,401	3,252	6,086	7,050	6,764	(137)	(3.75)	(286)	(4.06)
MAR	3,481	3,904	4,555	3,585	3,685	4,490	7,066	7,589	9,045	651	16.68	1,456	19.19
APR	3,368	3,377	4,566	3,477	3,551	4,977	6,845	6,928	9,543	1,189	35.21	2,615	37.75
MAY	3,505	3,602	4,190	3,722	3,666	4,552	7,227	7,268	8,742	588	16.32	1,474	20.28
JUN	4,015	4,503	5,190	4,253	4,793	5,723	8,268	9,296	10,913	687	15.26	1,617	17.39
JUL	4,781	5,016	6,268	5,013	4,951	6,457	9,794	9,967	12,725	1,252	24.96	2,758	27.67
AUG	5,076	5,201	6,162	5,105	5,056	6,025	10,181	10,257	12,187	961	18.48	1,930	18.82
SEP	4,772	4,554	6,240	4,655	4,334	5,769	9,427	8,888	12,009	1,686	37.02	3,121	35.11
OCT	4,390	4,448	6,417	4,278	4,221	6,046	8,668	8,669	12,463	1,969	44.27	3,794	43.77
NOV	3,308	3,216	4,652	3,250	3,074	4,508	6,558	6,290	9,160	1,436	44.65	2,870	45.63
DEC	3,116	2,554		3,154	2,564		6,270	5,118	-				
TOTAL	46,309	47,724	55,577	46,393	46,499	55,141	92,702	94,223	110,718	10,407	22.95	21,613	24.12

Month	2018 Enplaned		2018 Deplaned		Total
	Non Rev	Revenue	Non Rev	Revenue	
JAN	107	3,718	95	3,247	7,167
FEB	65	3,447	58	3,194	6,764
MAR	146	4,409	138	4,352	9,045
APR	146	4,420	132	4,845	9,543
MAY	132	4,058	141	4,411	8,742
JUN	154	5,036	131	5,592	10,913
JUL	139	6,129	187	6,270	12,725
AUG	138	6,024	103	5,922	12,187
SEP	180	6,060	147	5,622	12,009
OCT	149	6,268	138	5,908	12,463
NOV	154	4,498	160	4,348	9,160
DEC					-
Total	1,510	54,067	1,430	53,711	110,718

REVISED 4-24-18

DULUTH AIRLINE STATISTICS CHARTERS

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2017/2018 PASS. INCREASE/DECREASE			
	2016	2017	2018	2016	2017	2018	2015	2016	2018	ORIG	% DIFF	TOTAL	% DIFF
JAN	291	137	303	291	137	526	582	274	829	166	121.17	555	202.55
FEB	108	261	103	108	261	103	216	522	206	(158)	(60.54)	(316)	(60.54)
MAR	45	-	307	45	77	144	90	77	451	307	100.00	374	485.71
APR	312	458	494	312	458	332	624	916	826	36	7.86	(90)	(9.83)
MAY	153	152	145	153	152	159	306	304	304	(7)	(4.61)	-	-
JUN	106	139	151	-	139	151	106	278	302	12	8.63	24	8.63
JUL	-	269	251	217	269	251	217	538	502	(18)	(6.69)	(36)	(6.69)
AUG	350	-	-	342	-	-	692	-	-	-	-	-	-
SEP	152	276	282	152	-	282	304	276	564	6	2.17	288	104.35
OCT	148	-	160	148	143	160	296	143	320	160	100.00	177	123.78
NOV	202	-	134	202	-	134	404	-	268	134	100.00	268	100.00
DEC	-	142	-	-	142	-	-	284	-	-	-	-	-
TOTAL	1,867	1,834	2,330	1,970	1,778	2,242	3,837	3,612	4,572	638	33.45	1,244	86.18

Month	ATLAS	SUN CO.	JET BLUE	VISION	Swift Air	Allegiant	Total
JAN		543			286		829
FEB		206					206
MAR		163			288		451
APR	167	659					826
MAY			14		290		304
JUN		302					302
JUL		288			214		502
AUG							-
SEP		274			290		564
OCT		320					320
NOV					268		268
DEC							-
Total	167	2,755		-	1,636	-	4,572