

**RESOLUTION AUTHORIZING A RUNWAY 9/27 RECONSTRUCTION PROJECT
PHASE 1 CONTRACT CHANGE ORDER AGREEMENT
WITH PCI ROADS, LLC IN THE ADDITIONAL AMOUNT OF \$3,000,000**

RESOLVED, that at the March 21, 2016 Duluth Airport Authority ("DAA") Special Board Meeting, DAA passed a resolution directing DAA officials to renegotiate DAA's contracts with PCiRoads, LLC (a/k/a "PCI Roads") necessary to implement phasing on Reconstruction of Runway 9/27, Phase 1, said tentative contracts to be presented to DAA for its approval no later than April 19, 2016.

RESOLVED FURTHER, by DAA, that the proper DAA officials are hereby authorized to execute and implement a Runway 9/27 Reconstruction, Phase 1, Contract Change Order, substantially in the form of that attached hereto, with PCiRoads, LLC ("PCI Roads").

RESOLVED FURTHER, that this Change Order modifies the Standard Form of Agreement Between Owner and Contractor On the Basis of A Stipulated Price between DAA and PCI Roads, dated and duly approved by DAA on September 15, 2015.

Approved by the Duluth Airport Authority this 19th day of April, 2016.

ATTEST:

Executive Director

STATEMENT OF PURPOSE: This resolution authorizes DAA officials to execute and implement a change order agreement with PCI Roads to modify the Runway 9/27 Reconstruction Project, Phase 1, construction contract to split Phase 1 into two separate construction periods. Phase 1(a) will occur from June 1 - 22, 2016, and Phase 1(b) will occur during a 60-consecutive-day period starting after the 2017 Duluth Airshow and ending no later than October 1, 2017. This resolution authorizes additional DAA expenditure of \$3,000,000 for the Runway 9/27 Reconstruction Project, Phase 1.

CHANGE ORDER NO. 1

This Change Order No. 1 is dated April 19, 2016, and is by and between Duluth Airport Authority (“DAA”) and PCiRoads, Inc. (“PCI”). This Change Order No. 1 modifies the Standard Form of Agreement Between Owner and Contractor On the Basis of A Stipulated Price and Change of Contract Times (“Contract”) dated to be effective September 15, 2015.

WHEREAS, pursuant to the terms of the Contract, PCI is the general contractor to DAA for the Runway 9/27 (“Runway”) Reconstruction, Phase I (the “Project”);

WHEREAS, DAA and PCI originally planned to construct the Project in 60 calendar days beginning May 2, 2016;

WHEREAS, due to circumstances that have arisen with respect to the Project, DAA has requested that PCI materially alter its Contract Times for the Project pursuant to the Article 11.05 of the Contract to accommodate the schedules and interests of DAA and its tenants.

THEREFORE, in reliance upon these Recitals and in consideration of the promises and agreements herein, DAA and PCI agree as follows:

1. **Change Order.** This Change Order No. 1 modifies the terms of the Contract. In the event the terms of this Change Order conflict or are inconsistent with the terms of the Contract, this Change Order shall govern.

2. **Schedule.** The Project will be constructed in two phases – Phase 1(a) and Phase 1(b).

a. **Phase 1(a).** Phase 1(a) consists generally of the demolition and replacement of approximately the southern 30’ of the Runway consisting of approximately 5100 linear feet. Phase 1(a) will commence on or about June 1, 2016, and be sufficiently complete so as not to close or interfere

with the Runway on or after June 22, 2016. The parties recognize that certain work that can be completed without closing the Runway will be completed before June 1, 2016, and after June 22, 2016.

- b. Phase 1(b). The remainder of the Project will be completed between June 6, 2017 and October 1, 2017. On or before June 15, 2016, DAA will specify an uninterrupted 60-day period between June 6, 2017 and October 1, 2017 during which PCI shall construct Phase 1(b). The parties recognize that certain work that will not require a full Runway closure will be completed before and after this 60-day period.
- c. All dates and deadlines set forth in the Contract shall be changed to meet this new schedule.

3. **Payment**. PCI will submit a regular payment application according to the terms of the Contract for performance of its original contract work. DAA shall process and pay these applications pursuant to the terms of the Contract. PCI will submit to DAA a separate payment application with respect to amounts due under this Change Order. DAA shall process and pay these applications pursuant to the terms of the Contract, except that no retainage will be withheld.

4. **Contract Price**. The Contract Price shall be increased by the total amount of \$3,000,000.00 . This amount is allocated as follows:

- a. Phase 1(a). For Phase 1(a) work, the Contract Price will increase \$1,100,000.00.
- b. Phase 1(b). For Phase 1(b) work, the Contract Price will increase \$1,900,000.00 .

c. Allocation of Payments. PCI shall be entitled to apply for and receive the following payments:

1. After completion of the Phase 1(a) work on or about June 22, 2016, the \$1,100,000.00 allocated to Phase 1(a).
2. Upon commencement of Phase 1(b), PCI may request and DAA shall pay (a) 50% of the amount allocated to Phase 1(b), or \$950,000.00 and (b) upon Substantial Completion of the Phase 1(b) work, the remaining 50%, or \$950,000.00 owed for Phase 1(b) work.

5. Liquidated Damages. The Liquidated Damages provisions of the Contract (Article 4.03 – Liquidated Damages of the Standard Form of Agreement Between Owner Contractor on the Basis of a Stipulated Price) are deleted and replaced with the following:

- a. Phase 1(a). During the closure of the Runway, PCI may work 24 hours per day and seven days per week. For each calendar day after June 22, 2016, for which the Runway is closed by DAA as a result of PCI's unjustifiable failure to substantially complete its Phase 1(a) work, PCI shall be assessed liquidated damages of \$20,000 per day. Work that can be performed at without Runway closure by DAA may be completed after June 22, 2016, without the assessment of liquidated damages.
- b. Phase 1(b). During the closure of the Runway, PCI may work 24 hours per day and seven days per week. For each calendar day after the conclusion of the 60-day period identified by DAA pursuant to Paragraph 2(b) above, for which the Runway is closed by DAA as a result of PCI's

unjustified failure to substantially complete its Phase 1(b) work, PCI shall be assessed liquidated damages of \$3,500 per day as a set-off against Contract and/or Change Order payment. Work that can be performed without Runway closure by DAA may be performed after this date, without the assessment of liquidated damages.

- c. Final Completion. PCI shall achieve final completion of the Project no later than 60 days after the expiration of the 60-day time period given for the completion of Phase 1(b).

6. Representations. DAA represents and warrants to PCI that the information provided by DAA to PCI and other bidders has not materially changed.

7. Integration of Contract and Change Order. The Contract and this Change Order encompass the entire agreement of the parties, and supersede all previous understandings and agreements between the parties, whether oral or written. The parties hereby acknowledge and represent that said parties have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in the Contract and this Change Order, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Change Order.

8. Entire Change Order. The Contract Price increase due to this Change Order constitutes full and complete compensation to PCI for the Change of Contract Times further-described in this Change Order.

Duluth Airport Authority

PCiRoads, Inc.

By: _____

By: _____

Its: _____

Its: _____

By: _____

Its: _____

Short, Elliott, Hendrickson, Inc.

By: _____

Its: _____