



DULUTH AIRPORT AUTHORITY MEETING AGENDA APRIL 20, 2021

DAA APRIL BOARD MEETING PARTICIPATION BY TELEPHONE OR OTHER ELECTRONIC MEANS PURSUANT TO MINNESOTA STATUTES SECTION 13D.021

Click below to access meeting:

<https://duluthairport.com/wp-content/uploads/2021/04/4-DAA-April-Board-Notice.pdf>

AMATUZIO CONFERENCE ROOM DULUTH INTERNATIONAL AIRPORT

I *EXECUTIVE DIRECTORS REVIEW

Information Letter to DAA Directors.

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

A. Approval of March 16, 2021 Meeting Minutes.

III *DAA CASH DISBURSEMENTS

A. Operating Cash Disbursement Sheets #9 #10, #11, #12, and #13, 2021. Construction Fund Disbursement Sheet #3, 2021

IV *CORRESPONDENCE

- A. April 2, 2021 E-Mail from Monaco Air Foundation with Summary of March 2021 Activities.
- B. Airport News -- April 2021 Aerotime Hub Article "U.S. Airlines Gauge Positive outlook on Surge in Leisure Travel Demand" and April 13, 2021 Aviation News Today "Fitch: Passenger Traffic Rebounds But 'Normal' Not In Sight".
- C. April 2021 Paper for Presentation at the 62nd International Meeting of the Transportation Research Forum, "Aviation Clusters: Addressing the Implications of COCID-19 and the CARES Act".
- D. Link for Metropolitan Airports Commission (MAC) Minutes -- <https://metroairports.org/Airport-Authority/Metropolitan-Airports-Commission/Public-Meetings/Board-Meetings.aspx>.

V OPPORTUNITY FOR PERSONS TO BE HEARD



VI OLD BUSINESS

None

VII NEW BUSINESS

- A. Resolution to Accept and Approve the MnDOT Grant for Air Service Marketing and to Authorize the Duluth Airport Authority's President and Secretary to Execute the Grant.
- B. Resolution to Approve the License Agreement for the Display of Advertising Between the Duluth Airport Authority and Duluth Pack.
- C. Resolution to Approve the Food, Beverage and Retail Concession and Lease Agreement Between the Duluth Airport Authority and Oakwells Commuter Rail, LLC (Arrowhead Taphouse).
- D. Resolution to Approve the Land Lease Agreement Between the Duluth Airport Authority and the Beier Properties, LLC.
- E. Resolution to Approve the Sky Harbor Operator Agreement Between the Duluth Airport Authority and Lake Country Air, LLC.
- F. Resolution to Approve the Building 311 Mechanical Heating System Replacement Agreement Between the Duluth Airport Authority and the Jamar Company.
- G. Resolution Authorizing an Agreement to Insure Certain Duluth Airport Authority Property and Equipment Under the City of Duluth's Property and Boiler Insurance Policies in the amount of \$64,482.20.
- H. Resolution to Accept and Approve Airport Coronavirus Response Grant Program (ACRGP) grant 3-27-0024-067-2021 in the amount of \$1,641,598 and to Authorize the Duluth Airport Authority's President and Secretary to Execute the Grant.
- I. Resolution to accept Sky Harbor Airport Coronavirus Response Grant Program (ACRGP) grant 3-27-0025-016-2021 in the Amount of \$13,000 and to Authorize the Duluth Airport Authority's President and Secretary to Execute the Grant.
- J. *February 2021 Financial Reports.
- K. *March 2021 Accounts Receivables.
- L. *March 2021 Airline, Cargo & Landline Statistics.

VIII DIRECTORS REPORTS

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



DULUTH INTERNATIONAL AIRPORT

Closer to everywhere.

DATE: April 20, 2021

TO: Duluth Airport Authority Board of Directors

FROM: Executive Director

SUBJECT: Executive Director's Review

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

AIR SERVICE

- 45.3% Decrease in Total Passengers YTD
- 17.1% Decrease March Passengers YOY
- 25.5% Decrease DL Total Passengers YTD
- 3.4% Increase DL Passengers in March YOY
- 43.9% Decrease UA Total Passengers YTD
- 3.3% Increase UA Passengers in March YOY
- 447 Landline Passengers in February
- SCASD Grant Update

OPERATIONS/CONSTRUCTION/PLANNING

- Planning
 - Master Plan Update
 - Part 150 Noise Study Update
- Construction
- Operations and Maintenance
 - Operations Managers Transition Plan Update
 - Airport Management Internship Update
 - Airshow Update
 - Terminal Roof Update
- Sky Harbor
 - Building Area Master Plan Update

BUSINESS/PROPERTY DEVELOPMENT

- Upcoming Cirrus Construction



DULUTH INTERNATIONAL AIRPORT

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FINANCIAL UPDATE

- 2020 Audit
- Funding Strategy Update

MARKETING/COMMUNICATIONS

- NSR

LEGISLATIVE UPDATE

- Air Traffic Control Tower Building Replacement
- Sky Harbor LCCMR Amendment

PRESENTATIONS/TOURS/TRAVEL RECAP

- NSR

OTHER

- Joint Zoning Board Update

Submitted by,

Tom Werner, C.M.
Executive Director



DULUTH INTERNATIONAL AIRPORT

Travel Globally. Fly Locally.

DRAFT

MINUTES OF THE MEETING

DATE: March 16, 2021

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

DIRECTORS PRESENT: Anna Tanski

DIRECTORS PARTICIPATING VIA ELECTRONICS

MEANS: Kim Maki
Todd Fedora
Jeff Anderson
Elissa Hansen

DIRECTORS ABSENT: Craig Fellman
Don McIsaac

OTHERS PRESENT: Tom Werner, Executive Director
Mary Ann Wittkop, Recording Secretary
Mark Papko, Director of Operations
Natalie Peterson, Director of Communications & Marketing
Jana Kayser, Business Development Manager
Joelle Bodin, Director of Finance & Administration

OTHERS PARTICIPATING VIA ELECTRONICS

MEANS: Kathy Leon, Confidential Bookkeeper
Kaci Nowicki, SEH
Shawn McMahon, SEH
Matt Stewart, SEH
Allison Andrashko, SEH
Eric Monson, Lake Superior Helicopters
Bill King, Cirrus
Mike Magni, Monaco Air
Don Monaco, Monaco Air
Paul Huston
Patrick Frame

President Tanski welcomed everyone to the DAA March Board meeting and called the meeting to order at 8:00 a.m. She noted Dir. Fellman and Dir. McIsaac as not participating at this meeting and performed roll call -- herself as present, participating virtually Dir. Maki, Dir. Fedora, and Dir. Anderson. Mr. Tom Werner, Executive Director, updated on the Executive Director's review:

EXECUTIVE DIRECTOR'S REVIEW:

- Air Service: Explained corrections to January passenger totals; February 59% decrease in total passengers and passengers compared to same period last year; Delta total passengers and passengers decreased 39.9%; United numbers decreased 67.4%; Landline had 391 passengers for the month of February. Presented the key activity metrics highlighting total enplaned passengers, fuel sales and monthly comparisons for rental parking and restaurant gross receipts; this year will be about transition and hard to gauge. Small Community Air Service grant (SCASD) – has not closed yet, should be by the end of this month.
- Operations:
 - Planning: Master Plan (MP) and Part 150 Noise Study -- Ms. Kaci Nowicki, SEH, updated on the MP recent activities and next steps – all materials and summaries are posted to the project website. Part 150 noise study update – the virtual public workshop was held February 17th; she overviewed the process and next steps; all documents and recording of the meeting are available on the project website.
 - Operations: Mr. Mark Papko, Director of Operations, reviewed on the Operations Manager transition plan and briefed on the slight deviation from a snow equipment on the non-movement area.
 - Landside: Mr. Werner overviewed on the terminal roof – at this time not ready to recommend a course of action; a special session could be called in April or May.
 - Sky Harbor: Mr. Matt Stewart, SEH, updated on the Sky Harbor master plan project – spoke on the progress, next steps, and upcoming meetings; meeting materials and summaries are posted to the project website.
- Financials: Ms. Joelle Bodin, Director of Finance & Administration, State Auditors are currently working remotely on the 2020 audit; the purchase policy will be put on hold during the audit.
- Legislative: Mr. Werner summarized on the latest Coronavirus relief package; still processing the CRRSA funds, updated on the air traffic tower building and LLCMR grant.
- Other: Mr. Papko spoke on the Joint Airport Zoning Board (JAZB) – a response has been drafted to MnDOT, the justification meeting has been scheduled to discuss and advise next steps. Mr. Werner explained vaccinations have begun for airport staff and discussion of Phase 3 for COVID mitigation and planning will start this week. He introduced Mr. Eric Monson, Lake Superior Helicopters, to brief on his very successful aviation business. Mr. Monson overviewed on the organization, impact of COVID-19 and steps and investment ensuring their future. The Board thanked Mr. Monson for his update.

Questions and discussion followed on several of the Executive Director's review items. Pres. Tanski recommended due to connection issues and need for all Director's return for a quorum will return for approval of Consent Items; moved forward to the agenda.

OPPORTUNITY FOR PERSONS TO BE HEARD

None.

OLD BUSINESS

None.

NEW BUSINESS

Dir. Anderson and Dir. Hansen returned at 8:40 a.m.

Mr. Papko overviewed on the CIP projects for formal review. Dir. Hansen moved to approve the resolution that DAA approves the 2021-2022 Capital Improvement Plan for Duluth International Airport and Sky Harbor Airport as described and calculated in the Excel document attached hereto and incorporated by reference as Exhibit A; and further resolved, that DAA staff are authorized to execute agreements and make payments consistent with the 2021-2022 Capital Improvement Plan for Duluth International Airport and Sky Harbor Airport as described and calculated in the Excel document attached hereto and incorporated by reference as Exhibit A. Dir. Anderson seconded. Roll call – all ayes. Motion carried.

Dir. Fedora moved to approve the resolution for Work Order 2021-2 between the Duluth Airport Authority and Short Elliot Hendrickson, Inc. (SEH, Inc.) for the design of the Hangar 101 demolition. Dir Maki seconded. Roll call – Dir. Anderson abstained; Pres. Tanski, Dir. Fedora, Dir. Maki, and Dir. Hansen ayes – motion carried.

Ms. Peterson reviewed the license agreement for display of art. Dir. Anderson moved to approve the resolution for the license agreement for the display of public arts between the Duluth Airport Authority and the City of Duluth. Dir Maki seconded. Roll call – Dir. Fedora, Dir. Maki, Pres. Tanski and Dir. Hansen ayes – motion carried.

Ms. Kayser explained the Sky Harbor Airport renewal operating agreement and recommended approval. Dir. Hansen moved to approve the resolution for the Sky Harbor operating agreement between the Duluth Airport Authority and Love Creamery. Dir Fedora seconded. Roll call – all ayes – motion carried.

Ms. Kayser briefed on the renewal operating agreement. Dir. Maki moved to approve the resolution for the Sky Harbor operating agreement between the Duluth Airport Authority and Tom Sullivan. Dir Hansen seconded. Roll call – all ayes – motion carried.

Pres. Tanski moved back to the approval of previous minutes and consent items. Dir. Hansen moved to approve the February 16, 2021 meeting minutes and consent items. Dir. Anderson seconded. Roll call, -- all ayes, motion carried.

CONSENT ITEMS

Cash Disbursement Sheets #5, #6, #7, and #8, 2021. Construction fund sheet #2, 2021.

Airport News – DAA news release “Duluth International Airport -- Airport Noise Compatibility Study Online Public Workshop” and Star Tribune article “Officials Consider New Regional Airport Authority to Help St. Cloud Airport’s Finances”.

Letter from DAA to Citizens Committee Environmental Concerns (CCEC) regarding DLH Part 150 Noise Study Abatement recommendations.

Letters from DAA to Senator Klobuchar, Senator Smith, Congressman Stauber and Congresswoman McCollum regarding replacement of the Air Traffic Control Tower at the Duluth International Airport (DLH) and support letter from MnDOT to Senator Klobuchar, Senator Smith, Congressman Stauber and Congresswoman McCollum for replacement of the DLH Air Traffic Control Tower.

E-Mail from Monaco Air Foundation with summary of February 2021 Activities.

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

January 2021 financial report, February 2021 accounts receivables and airport statistics.

President Tanski adjourned the March 16th DAA board meeting at 8:56 a.m.

Respectfully submitted,

Mary Ann Wittkop
Recording Secretary

APPROVED: Tom Werner DATE: _____

Digitally signed by Tom Werner
Date: 2021.04.14 08:11:15 -05'00'

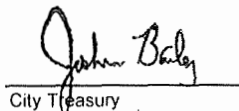
**Duluth Airport Authority
DAA Operatig Check Register #9-2021
March 11, 2021**

Document Number From 9904 To 9938

Document #	Date	Transaction Type	Payee	Amount
9904	3/11/2021	BILLPMT	Amano Mcgann, Inc.	\$6,500.75
9905	3/11/2021	BILLPMT	American Association Of Airport Executives	\$520.00
9906	3/11/2021	BILLPMT	Arrowhead Tap House	\$75.35
9907	3/11/2021	BILLPMT	Bodin, Joelle	\$60.00
9908	3/11/2021	BILLPMT	Century Link	\$144.00
9909	3/11/2021	BILLPMT	Citon	\$18,277.51
9910	3/11/2021	BILLPMT	City Of Duluth Comfort Systems	\$14.71
9911	3/11/2021	BILLPMT	Dalco	\$39.78
9912	3/11/2021	BILLPMT	General Security Services Corporation	\$16,947.44
9913	3/11/2021	BILLPMT	Goodin Company	\$64.71
9914	3/11/2021	BILLPMT	Jamar Company	\$119,370.00
9915	3/11/2021	BILLPMT	Kayser, Jana	\$60.00
9916	3/11/2021	BILLPMT	Landrum and Brown, Incorporated	\$2,000.00
9917	3/11/2021	BILLPMT	Leon, Kathy	\$60.00
9918	3/11/2021	BILLPMT	Lyons, Kevin	\$60.00
9919	3/11/2021	BILLPMT	Marsden Building Maintenance	\$15,742.56
9920	3/11/2021	BILLPMT	Menards - Hermantown	\$33.39
9921	3/11/2021	BILLPMT	Minnesota Power	\$49,369.27
9922	3/11/2021	BILLPMT	Minnesota State Auditor	\$2,098.50
9923	3/11/2021	BILLPMT	NAPA Auto Parts	\$169.00
9924	3/11/2021	BILLPMT	Oracle America, Inc.	\$4,000.00
9925	3/11/2021	BILLPMT	Papko, Mark	\$190.40
9926	3/11/2021	BILLPMT	Papko, Mark	\$60.00
9927	3/11/2021	BILLPMT	Peterson, Natalie	\$60.00
9928	3/11/2021	BILLPMT	Short Elliott Hendrickson Inc.	\$6,037.40
9929	3/11/2021	BILLPMT	Sinnott, Paul	\$60.00
9930	3/11/2021	BILLPMT	Smith, Troy R	\$60.00
9931	3/11/2021	BILLPMT	State Supply	\$431.58
9932	3/11/2021	BILLPMT	Taylor, Dan	\$60.00
9933	3/11/2021	BILLPMT	Timm, Kenneth	\$60.00
9934	3/11/2021	BILLPMT	Turbo Diesel & Electric	\$21.34
9935	3/11/2021	BILLPMT	Wabrowetz, Steve	\$60.00
9936	3/11/2021	BILLPMT	Welch, Ryan	\$60.00
9937	3/11/2021	BILLPMT	Werner, Thomas	\$60.00
9938	3/11/2021	BILLPMT	Wittkop, Mary Ann	\$60.00
Total				<u>\$242,887.69</u>



Airport Director



City Treasurer

Airport Authority

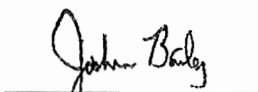
Duluth Airport Authority
DAA Operating Check Register #10-2021
March 18, 2021

Document Number From 9943 To 9972

Document N	Date	Transaction Type	Payee	Amount
9943	3/18/2021	BILLPMT	American Association Of Airport Executives	\$2,080.00
9944	3/18/2021	BILLPMT	Border States	\$40.44
9945	3/18/2021	BILLPMT	Brock White Company LLC	\$152.73
9946	3/18/2021	BILLPMT	Century Link	\$190.88
9947	3/18/2021	BILLPMT	City Of Duluth Comfort Systems	\$12,994.33
9948	3/18/2021	BILLPMT	Compudyne, Inc.	\$658.22
9949	3/18/2021	BILLPMT	Curtis Oil & Propane	\$64.00
9950	3/18/2021	BILLPMT	Dalco	\$67.03
9951	3/18/2021	BILLPMT	Duluth Lawn & Sport	\$95.44
9952	3/18/2021	BILLPMT	Grainger	\$256.00
9953	3/18/2021	BILLPMT	Hermantown Hydraulics, LLC	\$241.04
9954	3/18/2021	BILLPMT	iFIDS.com Inc.	\$2,032.36
9955	3/18/2021	BILLPMT	Inter City Oil (ICO)	\$17,985.52
9956	3/18/2021	BILLPMT	Jamar Company	\$7,675.00
9957	3/18/2021	BILLPMT	Johnstone Supply	\$239.48
9958	3/18/2021	BILLPMT	Kaman Industrial Technologies	\$137.36
9959	3/18/2021	BILLPMT	Konecranes	\$475.00
9960	3/18/2021	BILLPMT	MacQueen Equipment, Inc.	\$77.95
9961	3/18/2021	BILLPMT	McGhee Productivity Solutions, Inc.	\$2,345.00
9962	3/18/2021	BILLPMT	Menards - Hermantown	\$209.97
9963	3/18/2021	BILLPMT	Northern Engine & Supply	\$140.40
9964	3/18/2021	BILLPMT	Northern Tool & Equipment	\$59.97
9965	3/18/2021	BILLPMT	Peterson Excavating & Landscaping	\$27,650.00
9966	3/18/2021	BILLPMT	Pomp's Tire Service, Inc.	\$1,526.00
9967	3/18/2021	BILLPMT	Pro Print	\$571.48
9968	3/18/2021	BILLPMT	Spectrum Business	\$142.08
9969	3/18/2021	BILLPMT	Swim Creative	\$250.00
9970	3/18/2021	BILLPMT	Taylor, Dan	\$16.82
9971	3/18/2021	BILLPMT	Waste Management of WI-MN	\$2,223.09
9972	3/18/2021	BILLPMT	Ziegler, Inc.	\$970.00
Total				\$81,567.59


 Airport Director

 Airport Authority


 City Treasury

**Duluth Airport Authority
DAA Operating Check Register #11-2021
March 25, 2021**

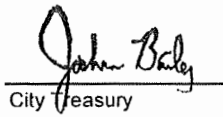
Document Number From 9973 To 9989

Document N	Date	Transaction Type	Payee	Amount
9973	3/25/2021	BILLPMT	Batteries Plus	\$1,709.58
9974	3/25/2021	BILLPMT	Caywood Oil, LLC	\$975.85
9975	3/25/2021	BILLPMT	Commissioner of Transportation	\$2,882.91
9976	3/25/2021	BILLPMT	Dalco	\$613.82
9977	3/25/2021	BILLPMT	Durfee, Tristan	\$59.76
9978	3/25/2021	BILLPMT	Essentia Health	\$293.00
9979	3/25/2021	BILLPMT	Federal Express Corporation	\$23.19
9980	3/25/2021	BILLPMT	LBC, Inc.	\$1,155.00
9981	3/25/2021	BILLPMT	MacQueen Equipment, Inc.	\$538.80
9982	3/25/2021	BILLPMT	Menards - Hermantown	\$80.93
9983	3/25/2021	BILLPMT	Menards - West Duluth	\$592.82
9984	3/25/2021	BILLPMT	Metro Sales, Inc.	\$327.89
9985	3/25/2021	BILLPMT	St. Louis County	\$1,952.00
9986	3/25/2021	BILLPMT	Veoci Inc.	\$950.00
9987	3/25/2021	CHK	WF Bus Payment Processing - Joelle	\$1,748.29
9988	3/25/2021	CHK	WF Bus Payment Processing - Tom	\$228.84
9989	3/25/2021	BILLPMT	Ziegler, Inc.	\$725.00
Total				<u>\$14,857.68</u>



Airport Director

Airport Authority



City Treasury

Duluth Airport Authority
DAA Operating Check Register #12-2021
April 1, 2021

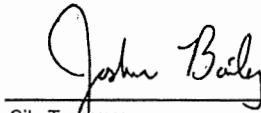
Document Number From 9990 To 10005

Document #	Date	Transaction Type	Payee	Amount
9990	4/1/2021	BILLPMT	Aramark	\$109.83
9991	4/1/2021	BILLPMT	AT&T Mobility	\$1,046.87
9992	4/1/2021	BILLPMT	Engelmeier, Roger	\$32.69
9993	4/1/2021	BILLPMT	Inter City Oil (ICO)	\$63.77
9994	4/1/2021	BILLPMT	Jamar Company	\$1,552.00
9995	4/1/2021	BILLPMT	Johnson Controls	\$266.00
9996	4/1/2021	BILLPMT	Lumacurve Airfield Signs	\$362.60
9997	4/1/2021	BILLPMT	Marsden Building Maintenance	\$16,389.36
9998	4/1/2021	BILLPMT	Menards - Hermantown	\$77.94
9999	4/1/2021	BILLPMT	Metro Sales, Inc.	\$114.23
10000	4/1/2021	BILLPMT	MN Dept of Commerce	\$58.50
10001	4/1/2021	BILLPMT	Napa	\$29.33
10002	4/1/2021	BILLPMT	National Storm Water Center	\$399.00
10003	4/1/2021	BILLPMT	Blue Tarp Credit Service	\$18.98
10004	4/1/2021	BILLPMT	Northstar Ford	\$176.59
10005	4/1/2021	BILLPMT	United States Postal Service	\$300.00
Total				\$20,997.69



Airport Director

Airport Authority



City Treasury

Duluth Airport Authority
DAA Operating Check Register #13-2021
April 8, 2021

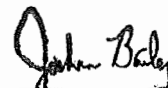
Document Number From 10006 To 10047

Document Number	Date	Transaction Type	Payee	Amount
10006	4/8/2021	BILLPMT	Apex	\$1,250.00
10007	4/8/2021	BILLPMT	Aramark	\$154.44
10008	4/8/2021	BILLPMT	Arrowhead Tap House	\$85.14
10009	4/8/2021	BILLPMT	Batteries Plus	\$53.98
10010	4/8/2021	BILLPMT	CDW Government	\$97.71
10011	4/8/2021	BILLPMT	Citon	\$25,834.35
10012	4/8/2021	BILLPMT	City Of Duluth Comfort Systems	\$10.49
10013	4/8/2021	BILLPMT	Como Lube & Supplies	\$1,192.25
10014	4/8/2021	BILLPMT	Compudyne, Inc.	\$1,408.44
10015	4/8/2021	BILLPMT	Dalco	\$1,189.93
10016	4/8/2021	BILLPMT	Delta Airlines	\$504.95
10017	4/8/2021	BILLPMT	Doorco	\$4,989.00
10018	4/8/2021	BILLPMT	Duluth Lawn & Sport	\$405.88
10019	4/8/2021	BILLPMT	Grainger	\$192.78
10020	4/8/2021	BILLPMT	Guardian Pest Solutions	\$175.25
10021	4/8/2021	BILLPMT	Hagen's Glass and Paint	\$175.00
10022	4/8/2021	BILLPMT	Industrial Welders & Machinist, Inc.	\$367.50
10023	4/8/2021	BILLPMT	Jamar Company	\$369.00
10024	4/8/2021	BILLPMT	Joelle N Bodin	\$225.00
10025	4/8/2021	BILLPMT	Landrum and Brown, Incorporated	\$2,000.00
10026	4/8/2021	BILLPMT	Lumacurve Airfield Signs	\$675.52
10027	4/8/2021	BILLPMT	Menards - Hermantown	\$189.32
10028	4/8/2021	BILLPMT	Mike's Signs	\$200.00
10029	4/8/2021	BILLPMT	Minnesota Pollution Control Agency	\$800.00
10030	4/8/2021	BILLPMT	MN Dept of Labor and Industry	\$80.00
10031	4/8/2021	BILLPMT	NAPA Auto Parts	\$97.08
10032	4/8/2021	BILLPMT	Nextera Communications	\$1,281.63
10033	4/8/2021	BILLPMT	NorthStar Ford	\$656.38
10034	4/8/2021	BILLPMT	Pace Analytical Services, Inc	\$555.00
10035	4/8/2021	BILLPMT	Peterson, Natalie	\$10.08
10036	4/8/2021	BILLPMT	Pomp's Tire Service, Inc.	\$797.36
10037	4/8/2021	BILLPMT	Praxair Distribution Inc.	\$91.19
10038	4/8/2021	BILLPMT	Pro Print	\$771.93
10039	4/8/2021	BILLPMT	Schindler Elevator Corp	\$1,265.81
10040	4/8/2021	BILLPMT	Scott's Cheap Flights Premium	\$39.00
10041	4/8/2021	BILLPMT	St. Louis County	\$654.00
10042	4/8/2021	BILLPMT	SVL Inc.	\$283.48
10043	4/8/2021	BILLPMT	The Development Association, Inc	\$300.00
10044	4/8/2021	BILLPMT	Viking Industrial North	\$39.98
10045	4/8/2021	BILLPMT	Visit Duluth	\$500.00
10046	4/8/2021	BILLPMT	Waste Management of WI-MN	\$4,777.18
10047	4/8/2021	BILLPMT	Ziegler, Inc.	\$1,871.62

Total **\$56,617.65**


 Airport Director

 Airport Authority


 City Treasury

Duluth Airport Authority
DAA Construction Check Register #3-2021
March 17, 2021

Document Number From 9939 To 9942

Document #	Date	Transaction Type	Payee	Amount
9939	3/17/2021	BILLPMT	1 MediaUSA Advertising Inc	\$500.00
9940	3/17/2021	BILLPMT	1 Reynold Smith & Hills, Inc.	\$14,734.85
9941	3/17/2021	BILLPMT	1 Short Elliott Hendrickson	\$168,575.96
9942	3/17/2021	BILLPMT	1 Swim Creative	\$4,580.65
Total				<u>\$188,391.46</u>



Airport Director



City Treasury

IRA

Mary Ann Wittkop

From: Don Monaco <donm@monacoairduluth.com>
Sent: Friday, April 2, 2021 3:48 AM
To: Tom Werner; 'Anna Tanski (anna@visitduluth.com)'
Cc: 'Dave Gaddie (dgaddie@bell.bank)'; 'Greg Fox (gregandsheilafox@hotmail.com)'; 'Bill King (BKing@cirrusaircraft.com)'; Michael A. Magni; 'Pat Mullen (runtrailfree@gmail.com)'; 'Richard Stewart (RStewart@uwsuper.edu)'; 'Fedora, Todd P'; 'Steve Overom (soverom@overomlaw.com)'; Mary Ann Wittkop
Subject: March, 2021 Monaco Air Foundation Report

Follow Up Flag: Follow up
Flag Status: Flagged

Tom and Anna,

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

Summary of March, 2021 Activities

Airport Tour Program: The Foundation continues to offer Duluth International Airport tours to groups of high school students and to other groups upon request. Tours have been suspended during the COVID-19 pandemic and will resume after groups begin requesting tours and procedures for safe conduct are in place.

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

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

Respectfully submitted,

Don Monaco

President

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U.S. airlines gauge positive outlook on surge in leisure travel demand

WRITTEN BY:
MICHAEL JONGA
Aviation Professional

The positive effects of the widespread distribution of the COVID-19 vaccine are beginning to take shape, particularly in the United States. Vaccine roll-out in the US began in mid-December 2020, with the FDA approved Pfizer/BioNTech vaccines offering up to 95% protection.

US airlines appear optimistic about the travel outlook, as they re-engage their pilot and aircraft crew pools in preparation for a surge in leisure travel demand and rebound from a combined \$35 billion loss in 2020.

United Airlines is the first among the largest US airlines to announce pilot hiring again. In a staff note sent to 12,000 plus pilots, United Airlines revealed their hiring resumption by stating: "We'll start with the approximately 300 pilots who either had a new hire class date that was cancelled or who had a 2020 conditional job offer."

This signals a turning point from pilot layoffs seen in 2020, which were eventually halted through a deal negotiated by pilot unions in late September 2020 that avoided nearly 3000 pilot furloughs.

While business demand is still hovering down by 80%, United is optimistic that with the continued vaccination roll-out to the population, coupled with the uptick in leisure demand should see business travel pick up in Q4 2021.

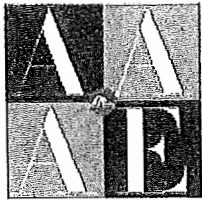
"We still have a way to go before we get through to the light at the end of the tunnel, but it's nice that at United Airlines we can see that light at the end of the tunnel," commented United Airlines CEO Scott Kirby at the 20th anniversary of the US Chamber of Commerce Aviation Summit on March 31, 2021. "Domestic leisure demand has almost entirely recovered, and it tells you something about the desire for travel and the desire to remake those human connections with people."

The positive sentiment towards the rebound in travel demand has taken root in other US-based carriers, who have also presented their outlooks on a return to positive cash flow, including LCCs voicing their intents to re-engage pilots and aircraft crews.

Over the course of February and March 2021, a wave of budget airlines including JetBlue, Spirit Airlines, Sun Country Airlines, and Allegiant Air, all announced their intent to resume hiring pilots, flight attendants, and instructors to address the increase in leisure travel demand.

American Airlines ([A1G](#)) ([AAL](#)) revealed in a United States Securities and Exchange Commission report that “As of March 26, the Company’s seven-day moving average of its net bookings is approximately 90% of the level experienced in 2019, with a domestic load factor of approximately 80% during that same period.” The carrier expects this booking momentum to build through to the end of the first quarter and spill over into the second quarter.

“From our perspective and the industry’s perspective, March for us and for other airlines will be the first positive cash flow in 12 months,” said Ben Minicucci, the President and CEO of Alaska Air Group. “There’s a lot of reason to be optimistic. When we look at passengers carried and advanced bookings, they are stronger than they have been in recent months.”



Aviation News Today

Top Stories for Tuesday, April 13, 2021

Fitch: Passenger Traffic Rebounds But 'Normal' Not In Sight



Airport passenger traffic is rebounding from pandemic lows in most countries, according to Fitch Ratings, but the company said, "The proverbial runway to normal will not be in sight for years."

Fitch now forecasts recovery ranging anywhere from the fourth quarter of 2023 to 2025 before airport traffic returns to 2019 levels. This new forecast reflects a one- to two-year delay since the company's earlier report.

"The obvious variable is new COVID-19 variants and surges in the number of cases, which caused additional or prolonged lockdown measures and could linger as vaccine roll outs remain slow and uneven on a global basis," the ratings firm said.

Domestic and leisure travel are showing signs of recovery in contrast to continued softness in international and business travel, according to the new report. "Vaccine rollouts will likely be the main catalyst of traffic recovery in the next year or so and will allow countries to reopen and airports to remain operational while providing greater consumer confidence for a return to air travel," said company Director Jeffrey Lack.



**Paper for Presentation at the 62nd International Meeting of
the Transportation Research Forum, April 2021**

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Aviation Clusters: Addressing the Implications of COVID-19 and the CARES Act

ABSTRACT

The COVID-19 global pandemic struck the U.S. aviation sector in March 2020, reducing air passenger volumes by more than 50 percent in the United States, versus March 2019. Airlines reacted by dramatically reducing available seat miles, leaving airports nearly vacant as the pandemic took hold. The United States Federal government responded with enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act specifically provided aid and relief to airlines and airports in the opening stages of the pandemic in the United States. The Act generally achieved its intended purpose as a stopgap measure during the pandemic crisis, but not all segments of the nation's aviation industry received immediate relief under the act. This study traces the COVID-19 pandemic's impact on the aviation cluster in Duluth, Minnesota—centered upon the Duluth International Airport (operated by the Duluth Airport Authority) and its major tenants. Relying on data from the DAA, airport tenants, as well as governmental sources, this study develops and applies a model to analyze the economic impact of the COVID-19 pandemic during 2020 on businesses in the Duluth aviation cluster. The efficacy of the CARES Act in addressing the adverse effects of the pandemic on parts of the Duluth aviation cluster is addressed. The economic impact model utilized here can be used and adapted by other researchers who can apply it to both the public and private sector entities of an aviation cluster. Policy makers can utilize findings of the analysis to determine the impact of air service disruptions on aviation clusters. Relief packages can be tailored to take into account the broader spectrum of affected cluster members. This paper does not make a judgment whether future relief packages should or should not be offered to critical infrastructure, such as airports, or to the business clusters that rely on airport activity to support their business success. This study provides a planning resource designed to inform decisions made by lawmakers or agency leadership during future economic disruptions caused by a variety of catastrophes.

INTRODUCTION

The COVID-19 global pandemic struck the U.S. aviation sector in March of 2020, reducing air passenger volumes by more than 50 percent in the United States, versus March 2019. Airlines reacted by dramatically reducing available seat miles, leaving airports nearly vacant as the pandemic took hold. The United States Federal government responded with enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This \$2.2 trillion aid package included \$25 billion in payroll support to passenger airlines and some contractors, \$25 billion in allowable loan authority for commercial air carriers and funds through the Paycheck Protection Program.

Title XII of the CARES Act directed the Federal Aviation Administration to provide \$10 billion in grants to airports across the nation. CARES Act funds could only be disbursed to airport “sponsors” as defined in Section 47102 of title 49, United States Code (U.S.C.), i.e., those airport sponsors meeting the requirements under this section and identified in the Federal Aviation Administration’s National Plan of Integrated Airports System (NPIAS). An airport sponsor is typically the airport owner/operator—such as the city, county or state the airport serves. Under the act funds were distributed to both commercial and general aviation airports. Eligible uses for CARES Act funds included all expenses that airport revenues could otherwise be used; examples included payroll, legal fees, debt servicing, pre-payment of long-term contracts, promotion of the airport, new airport development projects and ground-access projects.

While the CARES Act specifically provided aid and relief to airlines and airports in the opening stages of the pandemic in the U.S., not all segments of the nation’s aviation industry received immediate relief under the act. Airports are often the keystone that supports and enables an extended group of interrelated business that form a business cluster, as defined by Michael Porter.¹ One example of this is the aviation cluster in Duluth, Minnesota.

The Duluth International Airport anchors a vibrant aviation cluster that includes, most significantly, the headquarters and production facility of the world’s top producer of piston-engined general aviation aircraft. At the start of the pandemic, other major entities in this cluster were an MRO facility providing heavy maintenance on Airbus A320 jetliners for a major commercial carrier, a fixed base operator, an Air National Guard fighter wing and a community college facility providing pilot/aircraft mechanic training. In 2019, while the airport itself had fewer than 35 total full-time employees on its direct payroll, this industrial agglomeration supported a total of 6,230 area jobs, \$277.3 million in annual payroll, and generated over \$760 million in annual economic activity in a city with a population of approximately 87,000.²

METHODOLOGY

The Cares Act was a valuable lifeline to airports in an unprecedented worldwide disruption of air services. The intent of this study is to detail how the Cares Act benefited an airport and to examine the impact of the pandemic impacted businesses that are dependent on an airport’s operations. Utilizing information gathered from the research the team developed a model process to assist in broadly addressing other instances of airport service disruptions.

The Federal Aviation Administration defines an airport as “any area of land or water used or intended for landing or takeoff of aircraft including appurtenant area used or intended for airport buildings, facilities, as well as rights of way together with the buildings and facilities. Special types of facilities such as seaplane bases and heliports are included in the airport categories.”³

Cares Act expenditures related to airports were restricted to the following:

- Primary commercial service airports, with more than 10,000 annual passenger boardings, received additional funds based on the number of annual boardings, in a similar way to how they currently receive AIP entitlement funds.

- All commercial service airports received funds based on the number of passenger boardings, the amount of airport debt, and the money an airport had in reserve.
- General aviation airports received funds based on FAA general aviation categories, i.e., National, Regional, Local, Basic and Unclassified.⁴

The COVID-19 pandemic was both unexpected and unprecedented in its economic impact to the aviation industry. Swift action was needed to mitigate at least some of the negative fallout of dramatically reduced passenger volumes and cancelled flights. The scope of the Cares Act was limited in its support to airports. The Cares Act followed the FAA definition of an airport that was not inclusive of the cluster of industries that are created and sustained by airport operations. This was due, in part, to a lack of a model on how to assess the economic impact of a pandemic on airport dependent businesses (ADB).

Addressing an Aviation Cluster's Economic Impact from a Major Air Service Disruption: A Model

In order to assess these unknown impacts, this present study developed a model using a five-step methodology to determine:

1. What businesses form the aviation cluster that is airport dependent?
2. What was the impact of the pandemic on flight operations and commercial passenger traffic at the airport?
3. What was the economic impact of the pandemic on non-airport businesses in the aviation cluster?
4. How beneficial was the CARES Act in supporting the airport as defined under the act?
5. For which aviation cluster businesses did the airport portion of the CARES Act provide or not provide direct or indirect relief?

A prepared process to mitigate the economic impact of long-term disruption on the scale of a global pandemic that included impacts on airport dependent businesses (ADB) did not exist prior to the COVID-19 pandemic. Airports learned from the September 11, 2001 attacks and other incidents how to operationally deal with major disruptions. However, the economic consequences, when addressed, have been a secondary concern.

The application of the model and methodology to the Duluth International Airport aviation cluster demonstrates that the economic impact of the pandemic rippled through the entire cluster but there was no direct support to these cluster businesses from the airport portion of the CARES Act. This model can be used in future natural or human-caused disasters to determine what entities will be impacted, as well as potential funding needs and allocations when an airport is temporarily or even permanently closed.

This methodology can be applied to other aviation clusters to inventory airport-dependent businesses and assess the level of relief provided by the CARES Act. Planners, legislators, airport administrators, economic development agencies and other entities concerned with the potential economic impact of an airport's full or partial on an aviation cluster can then use the findings to prepare more comprehensive emergency relief plans.

APPLICATION OF THE MODEL TO THE DULUTH AVIATION CLUSTER

1. What businesses form the aviation cluster that is airport dependent?

The Duluth International Airport (DLH) is located approximately five miles northwest of downtown Duluth, Minnesota. In 2019 this regional non-hub airport was the third busiest in the state after Minneapolis/St. Paul (MSP) and Rochester (RST). DLH serves a large geographical area of northeast Minnesota and northwest Wisconsin with a population base of approximately 250,000 residents.

Completed in 2013, the \$77 million dollar passenger terminal includes 4 gates as well as Customs and Border Protection facilities to process international flights.

The U.S. Air Force had a significant presence at DLH from the end of the Second World War through 1982. The airport is still home to the Minnesota Air National Guard 148th Fighter Wing that is equipped with the F-16C Fighting Falcon.

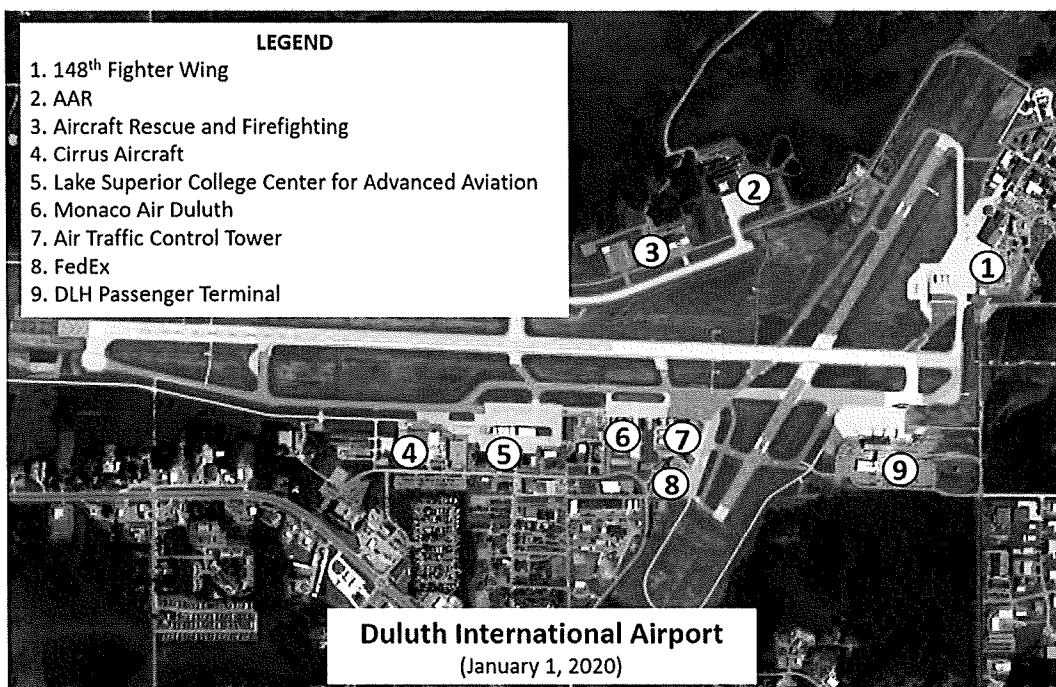
Situated at an elevation of 1,428' above sea level, DLH's 3,020 acres boasts two runways that provide service for scheduled airlines, general aviation and military operations. Runway 9/27, recently rebuilt, is 10,591' by 150.' The asphalt cross runway 3/21 is 5,719' by 150.'

The City of Duluth owns both DLH and the Sky Harbor airport (KDYT). An Executive Director and staff carry out day-to-day operations with oversight by the seven member Duluth Airport Authority (DAA) Board of Directors.

DLH is an active commercial airport with multiple daily direct flights provided by United, Delta and American to the hubs of Chicago O'Hare (ORD) and Minneapolis-St. Paul International Airport (MSP). During the period April 2019 to April 2020, the airport served 305,000 passengers on 3,612 scheduled flights ranking it 198th in size in the U.S. During the same time period 1,838,000 pounds of airfreight was transported through DLH⁵.

In addition to scheduled air service through the airport's passenger terminal, at the start of 2020 DLH was home to several significant airport tenants. Tenants were the 148th Fighter Wing, Monaco Air Duluth (fixed base operator), the headquarters of Cirrus Aircraft, AAR (provider of Airbus maintenance and refurbishment), Lake Superior Helicopters and a training facility for commercial flight ratings and aircraft maintenance education facility operated by Lake Superior Community College (LSCC). There was also a FedEx terminal with scheduled flights. The 10,591' main runway facilitates an annual air show and other special events (**Figure 1**).

FIGURE 1 Overview of Duluth International Airport



Source: Duluth Airport Authority

The Minnesota Department of Transportation (MnDOT) Office of Aeronautics' *Minnesota Statewide Airport Economic Impact Study* for 2019 documented the economic impact of the 133 public airports in the state. The study estimated that DLH contributed annually \$483.3 million in spending and over \$760.6 million in economic activity. This in turn generated an estimated \$32.9 million in state and local tax revenues. Commercial and general aviation visitors traveling through DLH accounted for over \$39 million in annual spending. DLH supported a total of 6,230 area jobs and \$277.3 million in annual payroll.⁶ The major airport employers were Cirrus Aircraft, the 148th Fighter Wing and AAR with approximately 1000, 720 and 400 employees, respectively.

2.What was the impact of the pandemic on flight operations and commercial passenger traffic at the airport?

This question in the model pertains to the airport, as defined by the FAA and the CARES Act. As noted above, commercial service airport and general aviation airports received funding under the CARES Act. The Duluth International Airport is a commercial service airport with multiple types of flight operations, including scheduled passenger flights. This model would equally apply to a general aviation airport which lacks scheduled commercial service but supports airport dependent businesses as part of an aviation cluster.

Flight Operations

All categories of flight operations, both itinerant and local, witnessed year-over-year increases in early 2020 at Duluth International Airport (**FIGURE 1**). For the month of February, the airport experienced nearly 1,300 more flight operations than the same month in 2019—an increase of more than 40 percent. Then the pandemic hit. March 2020 witnessed declines in all categories of flight operations, except air taxi. But the most significant year-over-year declines occurred in April when total flight operations plummeted to 1,800—only 43 percent of total operations at DLH in April 2019.

FIGURE 1 DLH Flight Operations, January-December 2020 versus 2019

Date	Air Carrier	Itinerant				Local			Total Operations
		Air Taxi	General Aviation	Military	Total	Civil	Military	Total	
Jan-19	132	462	1,426	291	2,311	1,873	184	2,057	4,368
Feb-19	124	399	1,364	184	2,071	895	110	1,005	3,076
Mar-19	156	551	1,963	239	2,909	1,244	159	1,403	4,312
Apr-19	185	503	1,890	257	2,835	1,178	200	1,378	4,213
May-19	148	693	2,703	391	3,935	1,292	155	1,447	5,382
Jun-19	160	835	2,387	274	3,656	1,572	121	1,693	5,349
Jul-19	197	922	2,277	319	3,715	1,213	168	1,381	5,096
Aug-19	192	887	2,213	194	3,486	1,734	97	1,831	5,317
Sep-19	258	813	1,796	185	3,052	2,390	34	2,424	5,476
Oct-19	142	1,092	2,017	161	3,412	3,182	28	3,210	6,622
Nov-19	229	811	1,559	195	2,794	2,325	46	2,371	5,165
Dec-19	156	822	1,304	178	2,460	1,794	46	1,840	4,300
Total	2,079	8,790	22,899	2,868	36,636	20,692	1,348	22,040	58,676
Jan-20	135	710	1,166	235	2,246	1,120	115	1,235	3,481
Feb-20	139	913	1,938	184	3,174	1,087	114	1,201	4,375
Mar-20	100	689	1,689	122	2,600	1,115	149	1,264	3,864
Apr-20	14	335	730	214	1,293	350	157	507	1,800
May-20	57	214	1,400	254	1,925	646	286	932	2,857
Jun-20	66	395	1,855	321	2,637	1,989	232	2,221	4,858
Jul-20	123	519	2,338	352	3,332	2,133	419	2,552	5,884
Aug-20	196	556	2,098	268	3,118	2,173	144	2,317	5,435
Sep-20	228	647	2,264	294	3,433	2,176	326	2,502	5,935
Oct-20	254	577	2,085	275	3,191	2,066	220	2,286	5,477
Nov-20	266	531	1,516	114	2,427	1,581	130	1,711	4,138
Dec-20	191	589	1,693	276	2,749	1,629	251	1,880	4,629
Total	1,769	6,675	20,772	2,909	32,125	18,065	2,543	20,608	52,733

Source: <https://aspm.faa.gov/opsnet/sys/Airport.asp>.

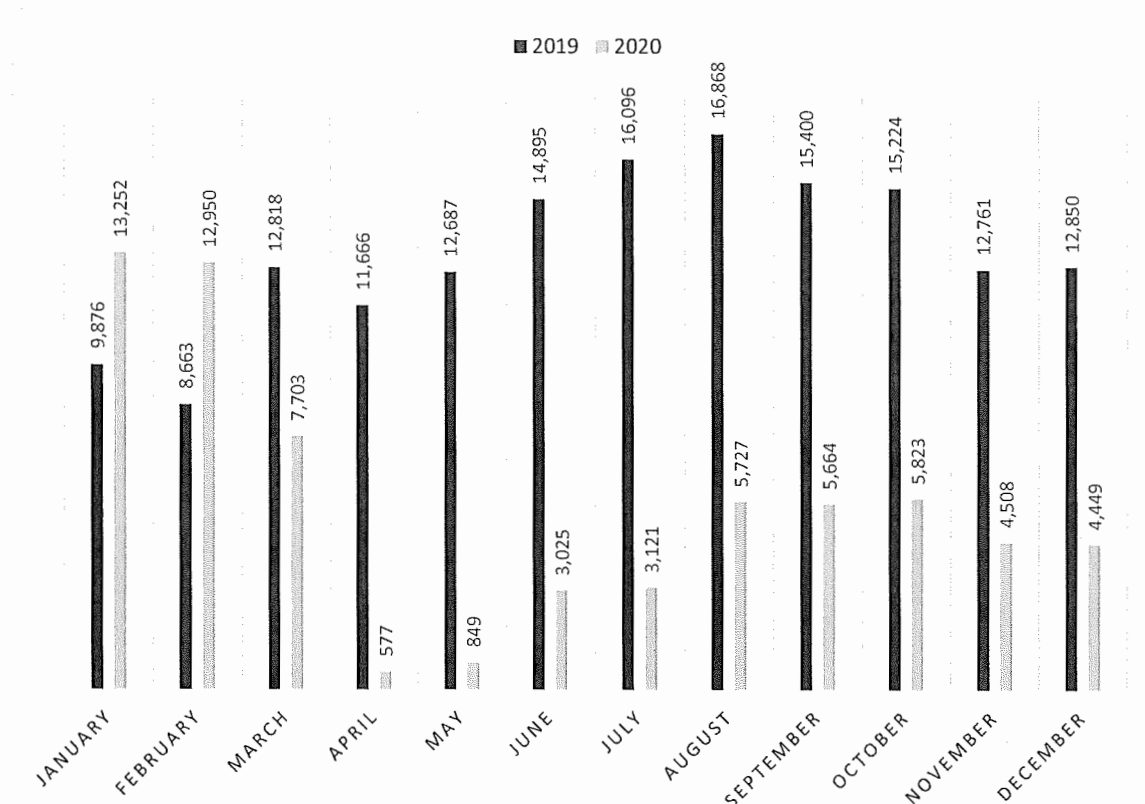
Itinerant general aviation flights dropped by more than half from March to April 2020, and the number of local civil flights fell from more than 1,100 to 350 during the same period. Significantly, air carrier flight operations reached 2019 monthly levels by August 2020, but total flight operations at DLH did not reach 2019 levels until December 2020.

Enplaned Commercial Passenger Volume

Duluth International Airport experienced a great start to 2020. Compared to January and February 2019, enplaned commercial passenger volume at DLH rose dramatically (FIGURE 2). Thirty-

four percent more passengers boarded flights at DLH in January of 2020 than January of 2019. The increase was even more significant in February when the airport experienced a 50 percent increase in enplanements compared to 2019 as the regional economy remained strong and the airport had welcomed a third carrier, Envoy (operating for American Airlines), in mid-2019 with service to Chicago's O'Hare International Airport.

FIGURE 2 DLH Total Enplaned Passengers, January-December 2020 versus 2019



Source: Duluth Airport Authority⁷

President Donald Trump declared a national emergency for COVID-19 on March 13. Minnesota Governor Tim Walz issued a statewide stay-at-home order on March 25. The number of airline passengers boarding commercial flights at DLH dropped to fewer than 7,000 in March 2020, a 40 percent decrease from the month previous. But worse was coming.

Only 577 passengers enplaned at DLH in April 2020, a year-over-year 95 percent decrease (FIGURE 2). On average, a mere 19 people flew out of DLH per day in April. All three airlines serving DLH cut schedules as flight load factors plummeted. Some scheduled flights reportedly departed DLH with no passengers aboard. For the month of April, DLH welcomed only 14 commercial flights—less than eight percent of the 185 commercial flights at DLH in April 2019. Envoy/American Airlines discontinued DLH service at the end of April 2020.¹

¹ This was planned departure unrelated to the pandemic. Several factors informed American Airline's decision to leave DLH including the 737 MAX grounding that put pressure on the remaining American fleet to be profitable and an unrealistic expectation for a route that was less than one-year old competing head-to-head with an incumbent carrier (United Airlines) for market share.

May enplanements remained under 1,000 at 849, a 93 percent decrease compared to May 2019, aboard 57 commercial flights. Even as the U.S. and Minnesota began to reopen, DLH enplanements struggled to surpass 3,000 in June, a number under 20 percent of June enplanements the year before. Monthly enplanement patterns at DLH followed season patterns for the rest of 2020, but at only 20 to 35 percent of 2019 levels. For the year 2020, DLH commercial enplanements totaled approximately 42 percent of 2019 enplanements.

As found below, many entities and services at Duluth International Airport experienced the economic impact of the dramatic reduction of flight operations and commercial air passenger enplanements due to the pandemic.

3. What was the economic impact of the pandemic on non-airport businesses in the aviation cluster?

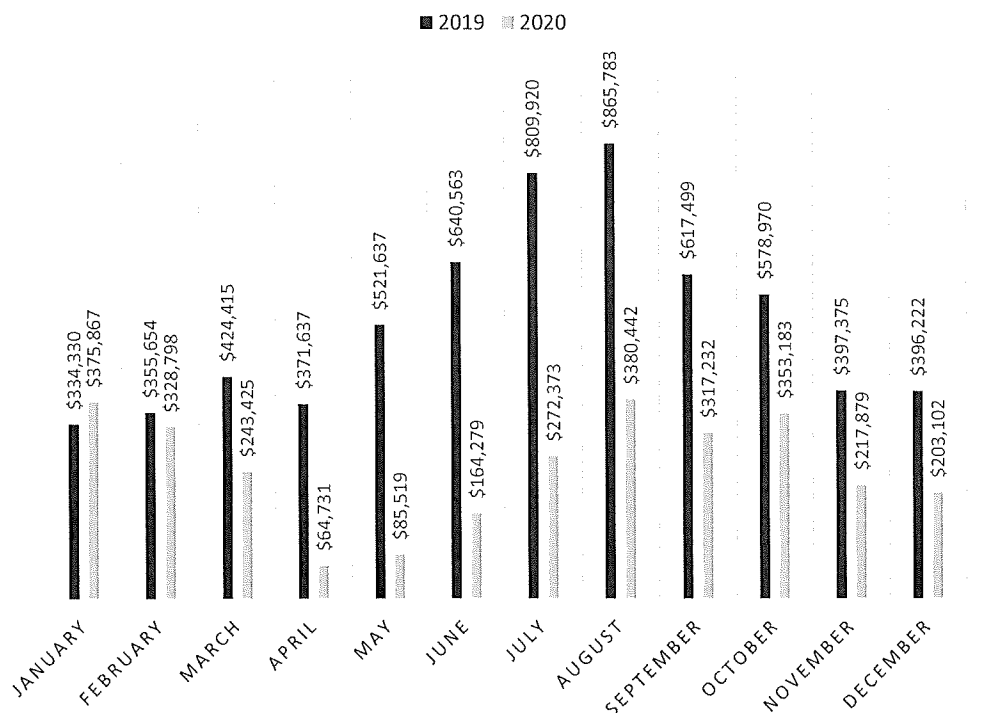
While the second step of the model addresses the airport's operational aspects, this third step addresses the financial implications for the other aviation cluster entities (not included in the FAA or CARES Act definition of "airport") of those changes in airport operations.

COVID-19 Impact on Ground Transportation

Car Rental Services

DLH hosts six car rental service companies including Alamo, Avis, Budget, Enterprise, Hertz and National. After enjoying gross receipts in January higher than 2019 levels for the month, car rental companies at DLH experienced a dramatic slide in gross receipts as the pandemic took hold (FIGURE 3).

FIGURE 3 Rental Car Services Gross Receipts at DLH, January-December 2020 versus 2019



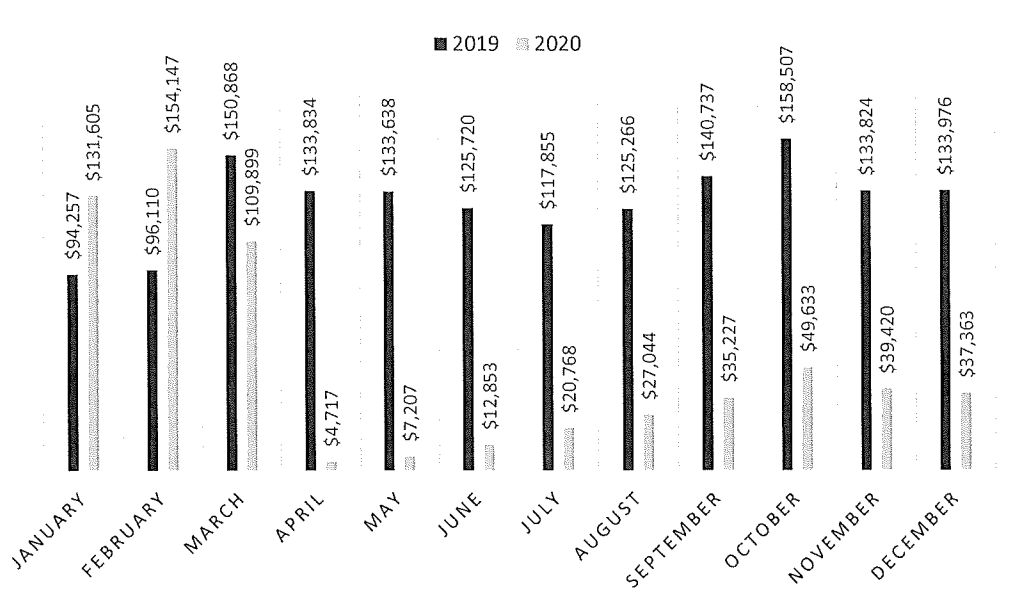
Source: Duluth Airport Authority

April gross receipts totaled less than \$65,000, falling from more than \$375,000 in January. Year over year, April's gross receipts were a mere 17 percent of April 2019 receipts. Even as air traffic began to rebound in May, car rental services at DLH had gross receipts that were only 16 percent of 2019 levels. Rental car gross receipts for 2020 totaled less than 50 percent of the 2019 total.

Parking Services

Parking revenue is a highly significant income source at DLH. Gross receipts in January and February 2020 totaled much higher than the same months the prior year, reflecting increased passenger boardings early in 2020 (FIGURE 4).

FIGURE 4 Parking Services Gross Receipts at DLH, January-December 2020 versus 2019



Source: Duluth Airport Authority

Reduced passenger traffic due to COVID-19 slashed parking services gross receipts to a meager \$4,700 in April from more than \$154,000 only two months before. Parking revenue made a small recovery in May to \$7,200 but remained far below the \$133,000 in May 2019. Following a seasonal pattern, parking revenue climbed month-over-month until October before dropping again in the last two months of the year.

Landline

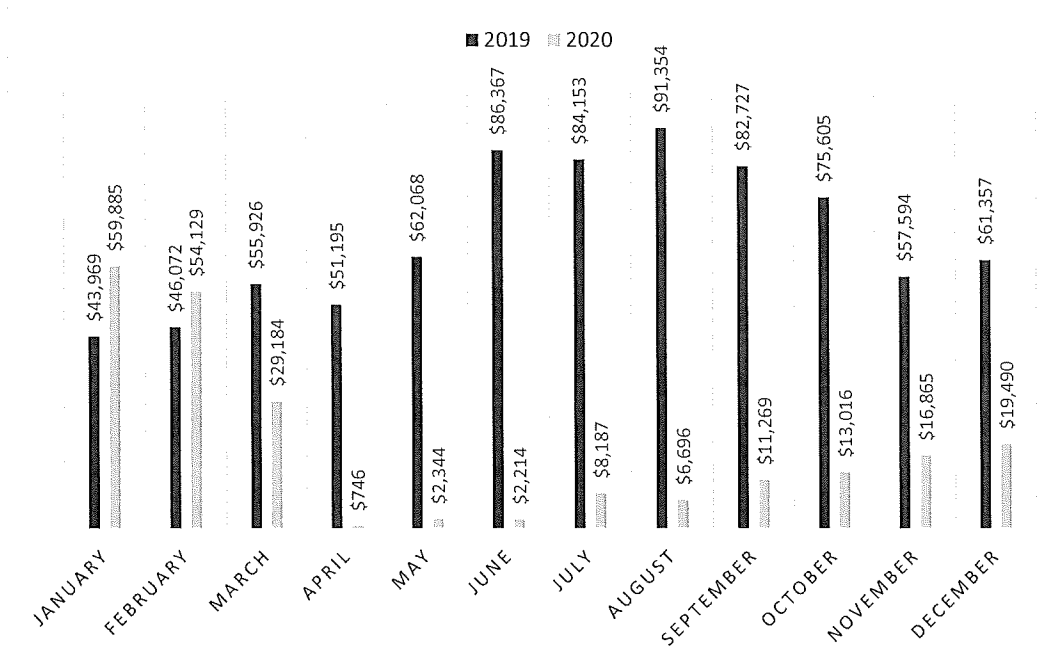
Targeting travelers from the Duluth region who fly from Minneapolis-St. Paul International Airport (MSP) but wish to not drive their own motor vehicle, Landline offered nonstop bus service between Duluth International and MSP multiple times per day.⁸ The company started service in June 2019 and saw its DLH-MSP passenger traffic grow to 2,053 passengers by February 2020. The pandemic hit the company hard as traffic on the route dropped to a mere 121 passengers taking the three-hour bus trip in April 2020. Landline passenger numbers began to slowly recover in May and peaked at nearly 900 in July before dropping again as the fall season took hold in the region.⁹

COVID-19 Impact on Food Services

Food Services

Food service gross receipts at DLH followed a similar pattern to those of parking services in the first five months of 2020 (FIGURE 5). The only restaurant in the DLH terminal, Arrowhead Tap House, is located past TSA security in the passenger boarding area and is largely dependent on ticketed passengers.

FIGURE 5 Food Services Gross Receipts at DLH, January-December 2020 versus 2019



Source: Duluth Airport Authority

As passenger enplanements slowed to a trickle in April 2020, food service gross receipts fell to less than \$800 for the entire month. Only four months earlier, receipts totaled nearly \$60,000. Food service gross receipts remained below \$20,000 each month for the remainder of the year. For the entire year of 2020, food service gross receipts totaled a mere 28 percent of the total for 2019.

COVID-19 Impact on Maintenance, Repair and Overhaul

AAR

One of the largest commercial aviation maintenance, repair and overhaul (MRO) providers in North America, AAR in 2019 had nearly 6,000 employees and \$1.8 billion in annual revenue. As of 2019, AAR had approximately 350 employees at its Duluth location with plans to boost that number to 400. AAR partnered with Lake Superior College to establish a talent pipeline from the school to the AAR facility across the runway. AAR offered tuition assistance to students who agreed to at least two years of employment at AAR. The company even considered offering free kayak and mountain bike rentals to attract more new hires.¹⁰

In April 2020 the company revealed that it anticipated an 80 percent reduction in MRO work across all its facilities as air passenger traffic fell off due to COVID-19. Less than a year earlier AAR had inked a 20-year lease for its facility with City-owned Duluth Economic Development Authority (DEDA),

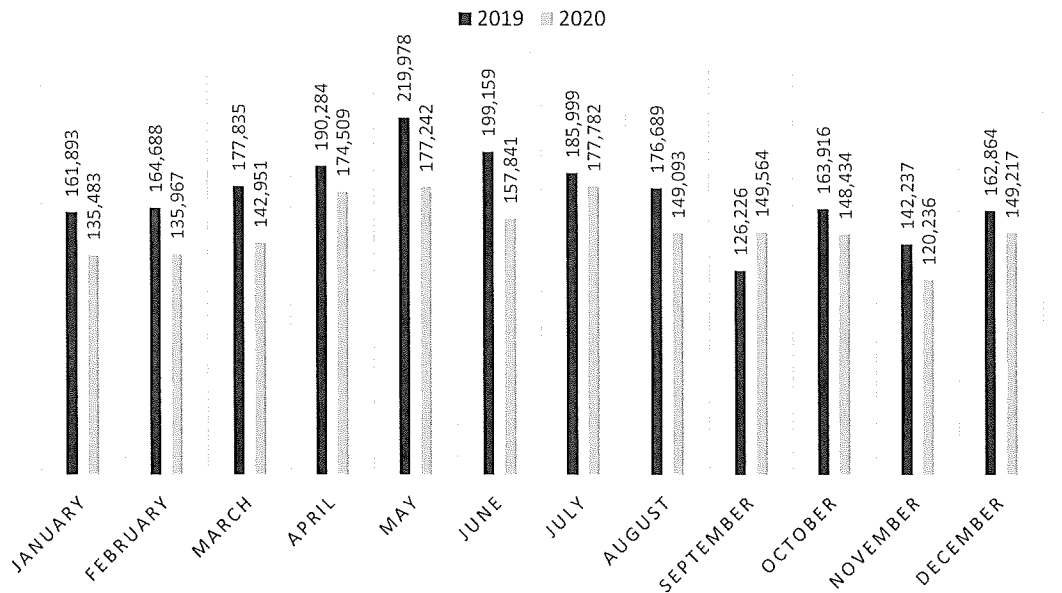
owner of AAR's maintenance hangar at DLH. Monthly rent was set at \$36,500 per month. With the pandemic looming, the DEDA waived three months of rent for AAR—totaling more than \$111,000. Nevertheless, facing severe cutbacks in United Airlines' demand for A320 heavy maintenance during the pandemic, AAR decided to close its Duluth facility as of July 24 and laid off its remaining 269 Duluth employees. AAR planned to relocate equipment from Duluth among its other locations; four in the US and two in Canada.¹¹ The City of Duluth negotiated a \$210,422 lease buyout from AAR in August 2020 because the company failed to abide by its agreement to give at least 180 days' notice before terminating its lease.¹²

Many of the AAR employees laid off from the shuttered Duluth facility became eligible for financial assistance to seek additional educational opportunities for jobs outside of the Duluth aviation cluster. This funding was a direct cost attributed to the shutdown resulting from COVID-19 impacts. Recognizing the long-term implications of skilled aerospace talent leaving the region, the Duluth Economic Development Authority (DEDA) and the Duluth Airport Authority actively sought to find another tenant to lease the maintenance hangar previously used by AAR.¹³

COVID-19 Impact on Air Cargo

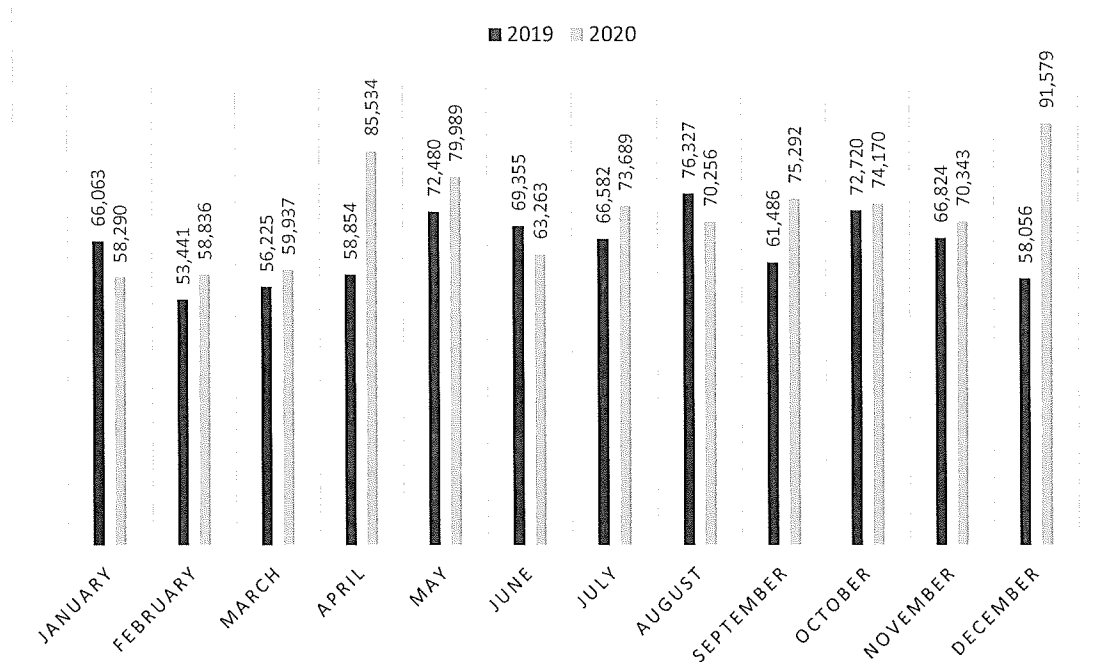
DLH has a FedEx terminal and some additional air cargo moves through the airport. Inbound air cargo volumes, measured in pounds, remained below 2019 levels during all but one month of 2020 at Duluth International (FIGURE 6a).

FIGURE 6a Inbound Air Cargo at DLH, in pounds, January-December 2020 versus 2019



Source: Duluth Airport Authority

FIGURE 6b Outbound Air Cargo at DLH, in pounds, January-December 2020 versus 2019



Source: Duluth Airport Authority

However, outbound air cargo levels at DLH surged in April 2020 to more than 85,000 pounds. This was approximately 36,000 pounds more than March 2020 or April 2019—an increase worthy of further investigation. Outbound air cargo from DLH remained above 2019 levels every month, except June, for the remainder of 2020.

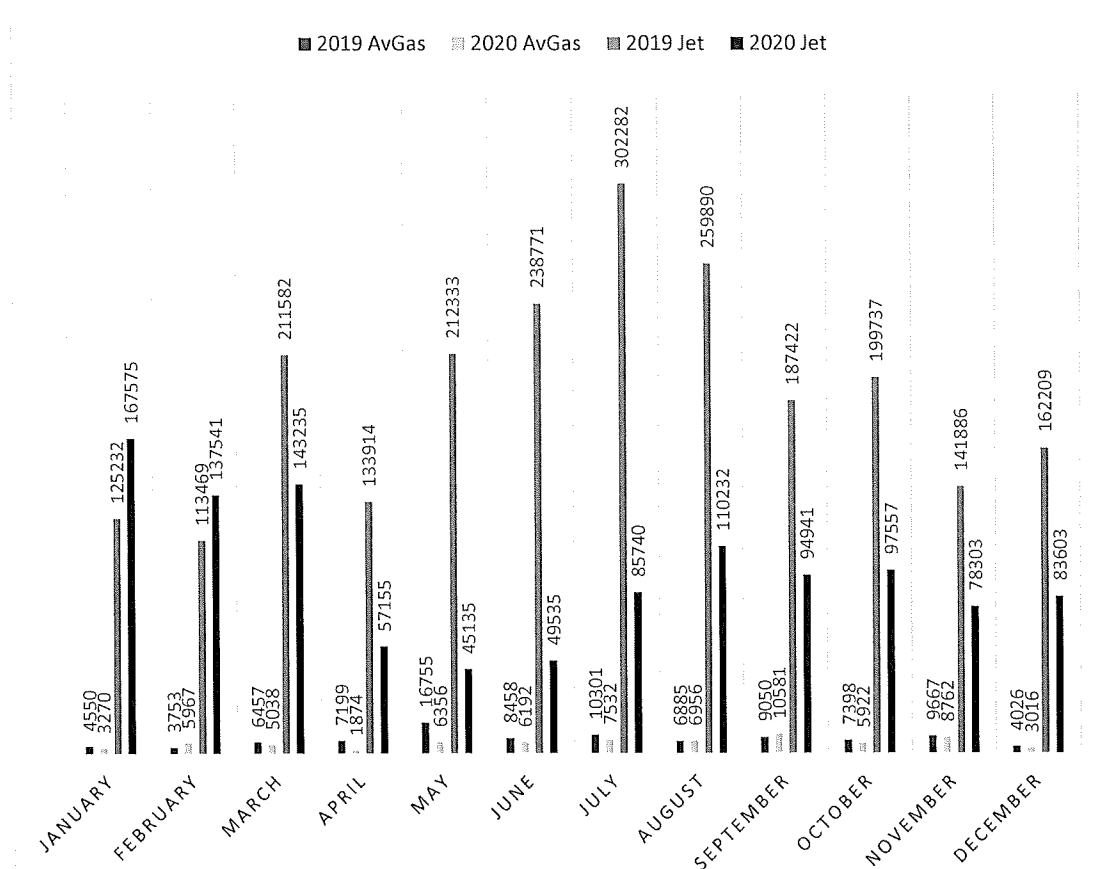
Combined inbound and outbound air cargo volumes at DLH experienced double-digit declines, year-over-year, in April and May 2020. This bucked a nation-wide trend of year-over-year increases in monthly air cargo volumes above three percent during the initial months of the pandemic.¹⁴ This data indicates that not all segments of an aviation cluster are adversely impacted by the major disruption of passenger air service.

COVID-19 Impact on General Aviation

Monaco Air Duluth

Monaco Air Duluth, the FBO at DLH, is responsible for refueling both GA aircraft and commercial airliners—delivering low-lead avgas and jet fuel. Consistent with increased air passenger traffic during the first two months of 2020 compared to the prior year, Monaco Air’s sale of jet fuel (measured in gallons) at DLH exceeded 2019 levels.

FIGURE 7 AvGas and Jet fuel sold at Monaco Air Duluth, in gallons, January-December 2020 versus 2019



Source: Monaco Air Duluth

As the pandemic hit, aviation fuel sales slumped. In April 2019, Monaco Air sold nearly 134,000 gallons of jet fuel. The same month in 2020 the company sold fewer than 58,000 gallons. Jet fuel sales declined even further the following month to under 46,000 gallons—only 25 percent of May 2019 sales. Monaco Air’s jet fuel sales figures remained far below 2019 levels for the remainder of 2020. Despite reduced demand for its array of services, Monaco Air continued serving GA and commercial customers 24/7.

Lake Superior Helicopters

Lake Superior Helicopters (LSH) provides training and platforms for rotary wing pilot certification. LSH also offers tours, aerial mapping services and assists in forest fire operations. Demand for helicopter pilot flight training at Lake Superior Helicopters declined due to COVID-19, but the company intends to expand into avionics repair and helicopter maintenance.

Duluth Airshow

Duluth International Airport hosts the annual Duluth Airshow—one of the largest airshows in the upper Midwest. The airshow draws nearly 50,000 people to Duluth with an economic impact of approximately \$10 million each year. Originally scheduled for July 18 and 19, organizers postponed the 2020 Duluth Airshow until 2021 due to COVID-19.¹⁵

COVID-19 Impact on Higher Education

Lake Superior College

Duluth's Lake Superior College operates the Center for Advanced Aviation (CAA) in a 40,000 square-foot leased building on the south side of DLH's main runway. The CAA is home to Lake Superior College's aviation program that includes pilot training and aircraft maintenance. Both two-year programs experienced double-digit growth over several years prior to the pandemic. In the fall of 2016, there were 71 students enrolled in the aircraft maintenance program and 45 students in pilot training.¹⁶

Cirrus Aircraft and AAR benefit from LSC's aviation program establishing a talent pipeline of graduates. In early 2020, Cirrus Aircraft, AAR and regional air carriers eagerly sought to bring even more of the program's graduates into their workforces. For example, approximately 50 students in the LSC aviation program in early 2020 worked at AAR, and graduates of the LSC aviation program made up nearly half of all AAR employees in Duluth.¹⁷

Within a few weeks of the pandemic, an aviation labor shortage in the Duluth's aviation cluster turned into labor furloughs and layoffs as demand for new pilots and mechanics disappeared. This was not the case nationwide. General aviation continued to grow. Many of the older aviation workforce members decided to retire early due to the pandemic. These combined actions resulted in demand for new talent slightly increasing even though commercial flights had drastically dropped.¹⁸

LSC did not see a decline in enrollment during the pandemic period covered by this research. The pandemic initially had an impact on graduation from the flight program by limited flying due to COVID restrictions. Aviation Maintenance Technology and Aviation management programs did not face the flight restriction issues. The LSC Aviation Management major that declined has never been dependent on the operation of DLH.

Figure 8: Lake Superior Community College Aviation-Based Programs, by declared majors

	Fall 2020	Fall 2019	Fall 2018	Fall 2017	Fall 2016
Aviation Maintenance Technology	78	79	60	77	75
Professional Pilot	64	62	57	59	55
Aviation Management	2	2	6	14	16
Total Enrollment in Aviation Programs	142	140	118	138	128

Source: Lake Superior Community College¹⁹

While total enrollment in the LSC aviation programs did not decline significantly due to COVID-19, the loss of AAR as a local employer of program graduates meant that students completing the program had few employment opportunities within the Duluth aviation cluster. Graduates, as a rule, now sought employment outside of the Duluth region. This negative trend largely negated a multi-year effort among public and private stakeholders to foster high-wage aviation maintenance jobs in the Duluth aviation cluster.

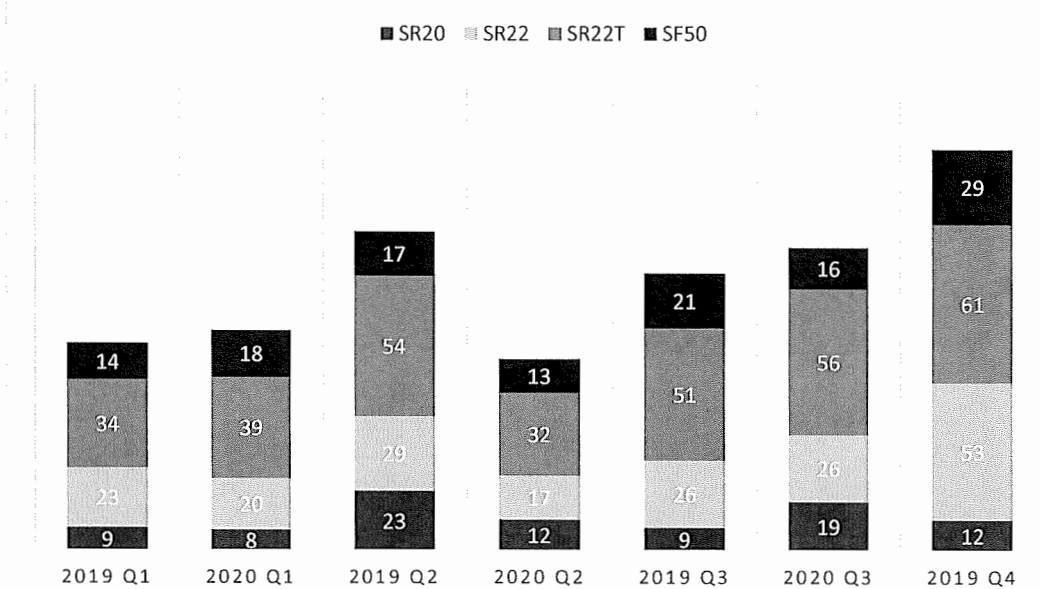
COVID-19 Impact on Airframe Manufacturing

Cirrus Aircraft

Cirrus Aircraft produced 384 of its SR-20/SR22/SR22T aircraft at its Duluth factory in 2019—more than any other manufacturer of piston-engine GA airplanes in the world. Cirrus also increased production in Duluth of its jet-powered SF50 to 81 in 2019 for a combined total of 465 aircraft delivered (Figure 9).²⁰ Ranked by full-time-employees, Cirrus aircraft is the second largest manufacturer in Duluth region.²¹

In late March 2020, Cirrus announced four-week furloughs of some of its 1,000 Duluth employees.²² As the nation faced a shortage of personal protective equipment (PPE) and equipment needed for saving lives during the pandemic, Cirrus Aircraft employees manufactured more than 30,000 medical-grade face shields and nearly a thousand respirators by mid-April.²³

FIGURE 9 Cirrus Aircraft Production by Model, Q1 2019-Q3 2020



Source: General Aviation Manufacturers Association²⁴

As seen in Figure 7, Cirrus produced only 74 aircraft during Q2 of 2020—49 fewer than Q2 of 2019. Nevertheless, production rebounded in Q3 when the company produced more than it had in Q3 of 2019. Data for Q4 2020 was unavailable at the time of this writing.

COVID-19 Impact on Military Activity

Minnesota Air National Guard's 148th Fighter Wing

The 148th Fighter Wing of the Minnesota Air National Guard was a bright spot for Duluth's aviation cluster as the base's workforce remains stable. The unit continued with normal operations and drill schedule.

Part of Operation American Resolve, aircraft and personnel from the 148th participated in statewide flyovers to honor first responders and essential workers toiling on the frontlines of the pandemic.²⁵ These flights contributed to the near doubling of local military flights at DLH in May 2020 compared with the same month in 2019 (FIGURE 1). Additionally, personnel from the base assisted healthcare workers with COVID-19 testing made available for free to the public around the state of Minnesota.²⁶ Wing personnel continued to assist with the federal response to COVID-19 by administering vaccine doses to Minnesotans in early 2021.²⁷

4.How beneficial was the CARES Act in supporting the airport as defined under the act?

THE DAA'S RESPONSE TO COVID-19 ECONOMIC IMPACT ON DLH

Up until early March, air commerce at the Duluth International Airport was still riding a significant economic wave. Passenger activity was up in January and February, year-over-year by substantial amounts. That all changed very quickly in mid-March as the country grappled with how to slow the rapid spread of COVID-19.

CARES Act Funding

By mid-March, the entire economic ecosystem in the U.S. had been disrupted. Air travel volumes had dropped precipitously, disrupting activity-based revenues that make up a large portion of the Duluth airport's income. The DAA's Executive Director frequently contacted the region's Congressional delegation. Congressional staff was eager to learn about how the pandemic's shutdown of the economy was impacting air travel, the aviation cluster and the DAA.

The DAA's Executive Director advocated for financial assistance from Congress in concert with the Association of American Airport Executives. The pandemic was still in its infancy, but it was clear the disruptions to air commerce would be severe. Most airports would require financial assistance to continue to maintain safe and secure facilities, pay debt service, and press forward with overhauling infrastructure that would continue to deteriorate even through it was not experiencing much civilian use in the short term.

The DAA received \$5.27 million from the CARES Act, signed into law March 26, 2020. The funds could be used for any lawful purpose that airport revenue could otherwise be used, such as maintenance and operations expenses and debt service.

Emergency Declaration by the Duluth Airport Authority

The DAA's Enabling Legislation of 1969 granted the DAA substantial autonomy from the City of Duluth but did not deem the DAA a political subdivision. The Minnesota Emergency Act of 1996 enables political subdivisions to coordinate emergency response and request aid should the need arise during a variety of catastrophes.

The DAA's Executive Director communicated with the Minnesota Department of Transportation's Office of Aeronautics (MNDOT) and the City of Duluth, requesting their assistance in appealing to the Governor's Office for inclusion of airport authorities as an eligible participant of the Minnesota Emergency Act, either through executive order or special legislation. The DAA is responsible for critical infrastructure and charged with maintaining public safety. Costs related to pandemic response were anticipated to occur. Access to state aid or FEMA disaster funding would help the DAA fulfill its mission during a difficult financial period caused by the COVID-19 economic downturn. To date, FEMA disaster funding has not been secured. The DAA may have to pursue special legislation in order to gain eligibility under the Minnesota Emergency Management Act.

In addition to securing a path for disaster response funding, the DAA staff faced a host of other challenges that were important to address in an expeditious manner, from tenant payment relief requests to suspending personnel policies that were not practical during the COVID-19 pandemic. Drafted by the DAA's Executive Director and approved by the DAA Board, an emergency declaration empowered the DAA's Executive Director to address these issues and coordinate with emergency management agencies as needed during the response.

Financial Relief for Tenants

A few weeks into the COVID-19 pandemic, it was evident that almost all aviation cluster businesses at Duluth International were negatively impacted. DAA staff received requests for financial relief from tenants, ranging from rent deferments to waivers of minimum annual guarantees--otherwise known as "MAGs." The DAA evaluated each of these requests on a monthly or quarterly basis. As of April, or May 2020, the DAA had approved only short-term deferments or waivers. None extended to

the end of the calendar year because so much was unknown about how long activity and resultant revenues would take to recover. However, each deferment the DAA granted came with a commitment to further dialog and revaluation of the relief should the need arise for more relief later in the year. The DAA also asked each tenant requesting relief to first exhaust other programs, such as the Paycheck Protection Program and other Federal and State assistance initiatives. Many of these initiatives were set up so that businesses could continue to pay basic payroll, rent and utilities expenses. The DAA staff considered with compassion each request from business partners who were hurting. Weeks prior to the pandemic many of them were having banner first quarters.

DAA's Operating Budget Adjustments and Cashflow Management

Cashflow management became a priority early in the DAA's response to the COVID-19 economic downturn. Some revenue centers experienced income approximately 70-80 percent lower than budgeted levels. In the last half of March, the DAA had not yet received CARES Act relief funds so the DAA prudently sought to conserve cash on hand for the foreseeable future. The DAA Executive Director asked department leaders to make only essential expenditures and, where possible, cut budgetary outlays for the rest of the fiscal year. This resulted in an approximate 10 percent reduction in budgeted disbursements. Some of these reductions may never be realized due to the unpredictability of the upcoming winter season. Reductions continue to be offset by unplanned COVID-19 expenses totaling \$78,249 as of July 14, 2020. Over 50 percent of this amount was staff time spent on COVID-19 related activities such as cleaning, planning, etc. Employee layoffs are not anticipated through 2020.

In late March, the DAA received access to CARES Act reimbursement funding. Staff has continued to plan as if there will not be additional relief funding available to the DAA. It has been imperative that the DAA plan for a protracted economic recovery. Cash management is a critical component of the DAA's long-term survival of the COVID-19 pandemic.

Capital Planning and Construction Initiatives

While response to the pandemic was a priority, ongoing planning initiatives have never taken a hiatus. Two construction projects planned for the airfield in 2020: a mil and overlay of approximately one mile of taxiway, as well as a commercial service apron expansion continued. The CARES Act provided 100 percent Federal share for Airport Improvement Program Funding of approved capital improvement projects in Federal fiscal year 2020. Airport staff determined that the DAA could cashflow both projects. At a combined cost of approximately \$2 million, completion of the projects in 2020 provided an economic stimulus to the region's economy during the economic downturn.

5. For which aviation cluster businesses did the airport portion of the CARES Act provide or not provide direct or indirect relief?

Data clearly indicates that, due to the pandemic, DLH had a dramatic reduction in enplanements and commercial landings resulting in major revenue loss. The research verifies that the CARES Act was successful in providing economic relief for Duluth International and Sky Harbor airports, thereby achieving the Act's objectives.

The data also clearly establishes that airport dependent business in the DLH aviation cluster had significant adverse economic impacts caused by the pandemic. In some instances, such as the AAR closure and the dramatic reduction in revenues for parking and food services, the financial losses occurred due to DLH air service disruption. In contrast, Lake Superior College's flight and maintenance educational programs saw minimal adverse impact. They may have, in fact, benefited from older workers in the industry retiring as result of COVID thus opening up positions beyond the Duluth aviation cluster to new aviation workforce entrants.

The application of the methodology to the Duluth International Airport aviation cluster demonstrates that the economic impact of the pandemic rippled through the entire cluster adversely impacting many entities. There was no direct support to these cluster businesses from the airport portion of the CARES Act. This is not a fault of this aspect of the CARES Act as it accomplished what it set out to do. However, the observed economic effects of the pandemic highlight the interconnectedness and interdependency of an aviation cluster.

Plans to mitigate the economic impact of long-term disruption on the scale of a global pandemic that included impacts on airport dependent businesses (ADB) did not exist prior to the COVID-19 pandemic. Airports learned from the September 11, 2001 attacks and other incidents how to operationally deal with major disruptions. However, the economic consequences, when addressed, have been a secondary concern. A decision to create a broader based relief instrument would require future research.

A Planning Resource: Aviation Cluster Disruption Plan (ACDP)

A 2012 Federal Aviation Administration study recognized the importance of aviation clusters and provided assistance in developing an inventory of ADBs.²⁸ The FAA model, however, did not specifically address the economic impact of a significant and extended reduction in commercial air activity at an airport or the impact on the airport dependent businesses in an aviation cluster.

Using information and ideas from this study, the research team proposes a planning resource tool to help airports and ADBs to address the broad adverse economic impacts that can result from a major disruption, whatever the cause. To implement this resource at the aviation cluster level will require the exchange of information plus collaboration and trust between partners. When applied, this planning resource should be modified by partners who share the goal of avoiding catastrophic economic harm to an airport and its aviation cluster. Planners, legislators, airport administrators, economic development agencies and other entities concerned with the potential economic impact of an airport's full or partial on an aviation cluster can then use the findings to comprehensively develop contingencies for possible economic relief.

The ACDP Steps

1. Catalog the aviation dependent businesses served by the airport. An initial determination of those businesses can come from:
 - a. Economic impact studies, such as the Minnesota DOT study.²⁹
 - b. The Federal Aviation Administration's "General Aviation Airports a National Asset" study that provides a base-line inventory checklist.³⁰
 - c. Refinement of aviation cluster inventories can be determined at the state and local level.
2. Use methods for assessing actual or potential economic impact from a major disruption upon the aviation cluster's members.
 - a. Determination of a jointly-accepted definition of a "major air service disruption"
 - i. Potential relief funders may have a legal definition of "major disruption," but if not, there needs to be a joint determination of what constitutes a major disruption.
 - b. Examples of adverse impact indicators.
 - ii. Revenue decline
 - iii. Personnel layoffs
 - iv. Future business contracts canceled

3. Establish a timeline where the impact of a major disruption of air service may result in irreparable harm. The estimated timeline for each entity will vary and may change annually.
 - a. Method for assessing economic impact
 - b. The airport's timeline
 - c. Airport Dependent Businesses' timelines
4. Determine potential sources of relief for airports and ADBs in the event of a major air service disruption and steps needed to access this relief. In addition, identifying individual points of contact and communication methods will help ensure timely implementation.²
 - a. Federal relief sources and process steps
 - b. State relief sources and process steps
 - c. Local relief sources and process steps
5. Developing a plan to address the economic impact of a major disruption is a starting point. To ensure the plan's viability, there will need to be refinement and testing of the plan.
 - a. Periodic updating of the plan
 - b. Routine, scheduled table-top exercises for practicing the process.

CONCLUSION

This study presented a five-step model, applied to the Duluth aviation cluster, for determining the effectiveness of the CARES Act in mitigating the impact of COVID-19.

Like commercial airports globally, the COVID-19 pandemic decimated air travel volumes through Duluth International Airport starting in March 2020. The economic impact of the crisis affected every service and tenant at the airport such as the FBO, food services, car rental services and parking services. The pandemic also directly resulted in the closure of an MRO facility with hundreds of employees but had limited negative impact on the airport's Air National Guard base, airframe manufacturer and higher education facility.

Fortunately, the Duluth Airport Authority received more than \$5 million in Federal funds through the CARES Act during the early months of the pandemic. These funds helped offset the airport's significant revenue losses as flight operations and commercial air passenger volume collapsed. However, not all parts of the Duluth aviation cluster directly or equally benefited from CARES Act relief funds—as demonstrated in this study's application of a five-step methodology to examine the COVID-19 impact on the Duluth aviation cluster.

The model has potential applications far beyond COVID-19 pandemic impacts and the CARES Act. Further research opportunities might include the application of this model to analyze the effectiveness of the CARES Act for providing economic relief to the public and private entities of other aviation clusters as well as the effectiveness of other sources of financial relief to entities of an aviation cluster. Looking beyond the COVID-19 pandemic, this model might serve as the starting point for creating strategies for possible financial relief to an aviation cluster in the event of an air service disruption, whatever the cause or duration. The application of this model and the Aviation Cluster Disruption Plan to other aviation clusters, or even the aviation sector in general, could help stakeholders identify a more comprehensive aid strategy (if financial aid is made available) to cluster entities in the wake of a future air service disruption that significantly impacts the economic viability of an aviation cluster.

² This section does not endorse or reject the concept of relief. However, if relief is available, there should be a plan to access the funding.

ACKNOWLEDGMENTS

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AUTHOR CONTRIBUTIONS

The authors confirm contribution to the paper as follows: study conception and design: Daniel Rust, Richard Stewart; data collection: Daniel Rust, Richard Stewart, Thomas Werner; analysis and interpretation of results: Daniel Rust, Richard Stewart, Thomas Werner; draft manuscript preparation: Daniel Rust, Richard Stewart, Thomas Werner. All authors reviewed the results and approved the final version of the manuscript.

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**STATE OF MINNESOTA
STATE AIRPORTS FUND
FY2022 GRANT AGREEMENT – AIR SERVICE MARKETING**

This agreement is between the State of Minnesota, acting through its Commissioner of Transportation ("State"), and DULUTH INTERNATIONAL AIRPORT ("Grantee").

RECITALS

1. Minnesota Statutes Chapter 360 authorizes State to provide financial assistance to eligible airport sponsors for the acquisition, construction, improvement, marketing, maintenance, or operation of airports and other air navigation facilities.
2. Grantee owns, operates, controls, or desires to own an airport ("Airport") in the state system, and Grantee desires financial assistance from the State for air service marketing activities under Minn. Stat. § 360.0151 ("Project").
3. Grantee represents that it is duly qualified and agrees to perform all services described in this agreement to the satisfaction of the State. Pursuant to [Minn.Stat. §16B.98](#), Subd.1, Grantee agrees to minimize administrative costs as a condition of this agreement.

AGREEMENT TERMS

- 1 **Term of Agreement, Survival of Terms, and Incorporation of Exhibits**
 - 1.1 **Effective Date.** This agreement will be effective on the date the State obtains all required signatures under [Minn. Stat. §16B.98](#), Subd. 5. As required by [Minn.Stat. §16B.98](#) Subd. 7, no payments will be made to Grantee until this agreement is fully executed. Grantee must not begin work under this agreement until this agreement is fully executed and Grantee has been notified by the State's Authorized Representative to begin the work.
 - 1.2 **Expiration Date.** This agreement will expire on **June 30, 2022**, or when all obligations have been satisfactorily fulfilled, whichever occurs first.
 - 1.3 **Survival of Terms.** All clauses which impose obligations continuing in their nature and which must survive in order to give effect to their meaning will survive the expiration or termination of this agreement, including, without limitation, the following clauses: 8. Liability; 9. State Audits; 10. Government Data Practices and Intellectual Property; 11. Governing Law, Jurisdiction, and Venue; and 13. Data Disclosure.
 - 1.4 **Plans, Specifications, Descriptions.** Grantee has provided the State with a detailed work plan and budget, which is on file with the State's Office of Aeronautics and attached and incorporated into this Agreement as Exhibit A.
- 2 **Grantee's Duties**
 - 2.1 Grantee will complete the Project in accordance with Exhibit A.
 - 2.2 Grantee will notify State's Authorized Representative in advance of any meetings taking place relating to the Project.
 - 2.3 Grantee will comply with all required grants management policies and procedures set forth through [Minn.Stat. §16B.97](#), Subd. 4 (a) (1).
 - 2.4 Grantee will submit written progress reports at quarterly intervals. Payments will not be made under section 4.6 if a progress report is past due unless Grantee has been given a written extension by the State.
- 3 **Time**
 - 3.1 Grantee must comply with all the time requirements described in this agreement. In the performance of this grant agreement, time is of the essence.
- 4 **Cost and Payment**
 - 4.1 **Cost Participation.** Costs for the Project will be allocated as follows:

State:	\$77,340.00
Grantee:	<u>\$33,145.71</u>
Total:	\$110,485.71
 - 4.2 **Work Period.** State will pay Grantee for work done under section 2.1 during the period of **July 1, 2021**, through **June 30, 2022**.
 - 4.3 **Eligible Costs.** Costs for the following activities related to commercial passenger air service at the Grantee's airport are eligible for reimbursement under this Agreement: (1) advertising of service; (2) public relations activities intended to educate the public on the value of the airport and its commercial passenger air service; (3)

marketing studies; or (4) service improvement activities such as route analysis, service studies, and other activities intended to preserve or increase service from an existing or new-entry air carrier. This grant may not be used to reimburse: (1) an activity that promotes an airport within the service area of another airport; (2) a promotional activity that features one specific air carrier at an airport when more than one air carrier serves the airport; (3) administrative costs associated with the marketing program or with the routine operation of the airport; or (4) payments to air carriers as fare subsidies, service subsidies, or seat guarantees. State's Authorized Representative has sole discretion over, and will make the final determination regarding, the eligibility of any submitted cost. Grantee is encouraged to submit questions regarding cost eligibility to State's Authorize Representative prior to incurring the expenditure.

4.4 Sufficiency of Funds. Pursuant to Minnesota Rules 8800.2500, the Grantee certifies that (1) it presently has available sufficient unencumbered funds to pay its share of the Project; (2) the Project will be completed without undue delay; and (3) the Grantee has the legal authority to engage in the Project as proposed.

4.5 Total Obligation. The total obligation of the State for all compensation and reimbursements to Grantee under this agreement will not exceed **\$77,340.00**.

4.6 Payment

4.6.1 Invoices. Grantee will submit invoices for payment. The State's Authorized Representative, as named in this agreement, will review each invoice against the approved grant budget, grant expenditures to-date, and the latest written progress report before approving payment. The State will promptly pay Grantee after Grantee presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices will be submitted timely and according to the following schedule:

Payment Schedule - FY2021		
Payment No.	Program Work Period	Invoice Due Date
1	July-September	10/15/2021
2	October-December	1/15/2022
3	Janurary-March	4/15/2022
4	April-June	7/15/2022

4.6.2 All Invoices Subject to Audit. All invoices are subject to audit, at State's discretion.

4.6.3 State's Payment Requirements. State will promptly pay all valid obligations under this agreement as required by Minnesota Statutes §16A.124. State will make undisputed payments no later than 30 days after receiving Grantee's invoices and progress reports for services performed. If an invoice is incorrect, defective or otherwise improper, State will notify Grantee within ten days of discovering the error. After State receives the corrected invoice, State will pay Grantee within 30 days of receipt of such invoice.

4.6.4 Grantee Payment Requirements. Grantee must pay all contractors under this agreement promptly. Grantee will make undisputed payments no later than 30 days after receiving an invoice. If an invoice is incorrect, defective, or otherwise improper, Grantee will notify the contractor within ten days of discovering the error. After Grantee receives the corrected invoice, Grantee will pay the contractor within 30 days of receipt of such invoice.

4.6.5 Grant Monitoring Visit and Financial Reconciliation. During the period of performance, the State will make at least annual monitoring visits and conduct annual financial reconciliations of Grantee's expenditures.

4.6.5.1 The State's Authorized Representative will notify Grantee's Authorized Representative where and when any monitoring visit and financial reconciliation will take place, which State employees and/or contractors will participate, and which Grantee staff members should be present. Grantee will be provided notice prior to any monitoring visit or financial reconciliation.

4.6.5.2 Following a monitoring visit or financial reconciliation, Grantee will take timely and appropriate action on all deficiencies identified by State.

4.6.5.3 At least one monitoring visit and one financial reconciliation must be completed prior to final payment being made to Grantee.

4.6.6 Closeout. The State will determine, at its sole discretion, whether a closeout audit is required prior to final payment approval. If a closeout audit is required, final payment will be held until the audit has been

completed. Monitoring of any capital assets acquired with grant funds will continue following grant closeout.

5 **Conditions of Payment**

All services provided by Grantee under this agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law. In addition, Grantee will not receive payment for Airport's failure to pass periodic inspections by a representative of the State's Office of Aeronautics.

6 **Authorized Representatives**

6.1 The State's Authorized Representative is:

Kevin R. Carlson, Planning Program Coordinator, 395 John Ireland Blvd, Mail Stop 410 St. Paul, MN 55155 Ph:(612)269-5370, kevin.r.carlson@state.mn.us, or his/her successor. State's Authorized Representative has the responsibility to monitor Grantee's performance and the authority to accept the services provided under this agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

6.2 Grantee's Authorized Representative is:

Natalie Peterson, Director of Communications & Marketing, Duluth Airport Authority, Duluth, MN 55811 Ph: (218)625-7768, npeterson@duluthairport.com If Grantee's Authorized Representative changes at any time during this agreement, Grantee will immediately notify the State.

7 **Assignment Amendments, Waiver, and Grant Agreement Complete**

7.1 **Assignment.** The Grantee may neither assign nor transfer any rights or obligations under this agreement without the prior written consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this agreement, or their successors in office.

7.2 **Amendments.** Any amendments to this agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original agreement, or their successors in office.

7.3 **Waiver.** If the State fails to enforce any provision of this agreement, that failure does not waive the provision or the State's right to subsequently enforce it.

7.4 **Grant Agreement Complete.** This grant agreement contains all negotiations and agreements between the State and Grantee. No other understanding regarding this agreement, whether written or oral, may be used to bind either party.

7.5 **Electronic Records and Signatures.** The parties agree to contract by electronic means. This includes using electronic signatures and converting original documents to electronic records.

8 **Liability**

To the extent permitted by law, Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this agreement by Grantee or Grantee's agents or employees. This clause will not be construed to bar any legal remedies Grantee may have for the State's failure to fulfill its obligations under this agreement.

9 **State Audits**

Under Minn. Stat. § 16B.98, Subd.8, the Grantee's books, records, documents, and accounting procedures and practices of Grantee, or other party relevant to this grant agreement or transaction, are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of **6 years** from the end of this agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later. Grantee will take timely and appropriate action on all deficiencies identified by an audit.

10 **Government Data Practices and Intellectual Property Rights**

10.1 **Government Data Practices.** Grantee and State must comply with the Minnesota Government Data Practices

Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by the State under this grant agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this agreement. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either Grantee or the State. If Grantee receives a request to release the data referred to in this section 10.1, Grantee must immediately notify the State. The State will give Grantee instructions concerning the release of the data to the requesting party before the data is released. Grantee's response to the request shall comply with applicable law.

11 **Governing Law, Jurisdiction, and Venue**

Minnesota law, without regard to its choice-of-law provisions, governs this agreement. Venue for all legal proceedings out of this agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

12 **Termination; Suspension**

- 12.1 **Termination by the State.** The State may terminate this agreement at any time with or without cause. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
- 12.2 **Termination for Cause.** The State may immediately terminate this grant agreement if the State finds that there has been a failure to comply with the provisions of this agreement, that reasonable progress has not been made, that fraudulent or wasteful activity has occurred, that Grantee has been convicted of a criminal offense relating to a state grant agreement, or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.
- 12.3 **Termination for Insufficient Funding.** The State may immediately terminate this agreement if:
 - 12.3.1 It does not obtain funding from the Minnesota Legislature; or
 - 12.3.2 If funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State will provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.
- 12.4 **Suspension.** The State may immediately suspend this agreement in the event of a total or partial government shutdown due to the failure to have an approved budget by the legal deadline. Work performed by the Grantee during a period of suspension will be deemed unauthorized and undertaken at risk of non-payment.

13 **Data Disclosure**

Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

- 14 **Fund Use Prohibited.** The Grantee will not utilize any funds received pursuant to this Agreement to compensate, either directly or indirectly, any contractor, corporation, partnership, or business, however organized, which is disqualified or debarred from entering into or receiving a State contract. This restriction applies regardless of whether the disqualified or debarred party acts in the capacity of a general contractor, a subcontractor, or as an equipment or material supplier. This restriction does not prevent the Grantee from utilizing these funds to pay any party who might be disqualified or debarred after the Grantee's contract award on this Project. For a list of disqualified or debarred vendors, see www.mmd.admin.state.mn.us/debarredreport.asp.

- 15 **Discrimination Prohibited by Minnesota Statutes §181.59.** Grantee will comply with the provisions of Minnesota Statutes §181.59 which requires that every contract for or on behalf of the State of Minnesota, or any county, city, town, township, school, school district or any other district in the state, for materials, supplies or construction will

contain provisions by which Contractor agrees: 1) That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no Contractor, material supplier or vendor, will, by reason of race, creed or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates; 2) That no Contractor, material supplier, or vendor, will, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause 1 of this section, or on being hired, prevent or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed or color; 3) That a violation of this section is a misdemeanor; and 4) That this contract may be canceled or terminated by the state of Minnesota, or any county, city, town, township, school, school district or any other person authorized to grant contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this Agreement.

- 16 **Limitation.** Under this Agreement, the State is only responsible for receiving and disbursing funds. Nothing in this Agreement will be construed to make the State a principal, co-principal, partner, or joint venture with respect to the Project(s) covered herein. The State may provide technical advice and assistance as requested by the Grantee, however, the Grantee will remain responsible for providing direction to its contractors and consultants and for administering its contracts with such entities. The Grantee's consultants and contractors are not intended to be third party beneficiaries of this Agreement.

- 17 **Additional Provisions**
[Intentionally left blank.]

[The remainder of this page has intentionally been left blank.]

STATE ENCUMBRANCE VERIFICATION

*Individual certifies that funds have been encumbered as required by
Minn. Stat. § 16A.15 and § 16C.05.*

Signed: _____

Date: _____

SWIFT Contract/PO No(s). _____

GRANTEE

*The Grantee certifies that the appropriate person(s) have executed the grant
agreement on behalf of the Grantee as required by applicable articles,
bylaws, resolutions, or ordinances.*

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

DEPARTMENT OF TRANSPORTATION

By: _____
(with delegated authority)

Title: _____

Date: _____

**DEPARTMENT OF TRANSPORTATION
OFFICE OF FINANCIAL MANAGEMENT – GRANT UNIT**

By: _____

Date: _____

**DEPARTMENT OF TRANSPORTATION
CONTRACT MANAGEMENT**

By: _____

Date: _____

AIR SERVICE MARKETING GRANT APPLICATION (FY 2022)

INSTRUCTIONS: Complete all sections below using additional sheets as necessary. Be sure to sign and date the form. Retain a copy for your records. Return completed form to MnDOT, Office of Aeronautics, 395 John Ireland Blvd., St. Paul, MN 55155, Mailstop 410. For assistance, contact Kevin Carlson at (612) 269-5370 or kevin.r.carlson@state.mn.us.

AIRPORT NAME Duluth International Airport
 ADDRESS 4701 Grinden Dr. CITY, STATE, ZIP Duluth, MN, 55811
 CONTACT PERSON Natalie Peterson TITLE Director of Comm. & Mktg. TEL # 218-625-7768
 SCOPE OF PROPOSED PROJECT: Attach Requested Workplan and Schedule.

PERFORMANCE PERIOD: JULY 1, 2021 or MnDOT Signature TO: JUNE 30, 2022

AIR SERVICE MARKETING GUIDELINES

The Commissioner of Transportation shall establish an air service marketing program to encourage the preservation and expansion of scheduled passenger air carrier service to greater Minnesota. The Commissioner may spend funds appropriated from the State Airports Fund for (1) air service marketing grants and (2) conducting statewide studies to determine the feasibility of air service initiatives. The Commissioner may develop a single, recognizable statewide marketing program to increase visibility of and ridership at airports with scheduled air carrier service.

GRANTS AUTHORIZED; The Commissioner may make air service marketing grants to political subdivisions that own and operate airports designated by order of the Commissioner as key airports. The commissioner shall make a project agreement with each political subdivision receiving a grant under this section that provides for:

- 1) a detailed description of the workplan for which the grant is provided.
- 2) a schedule of the workplan; and
- 3) the division of costs of the workplan between the State(70%) and the recipient(30%).
- 4) Grants will not be amended. ANY remaining funds will return to State Airport general Fund for reallocation.

USES OF GRANT; Costs for the following activities related to commercial passenger air service at the recipient's airport are eligible for reimbursement under this section:

- 1) advertising of services;
- 2) public relations activities intended to educate the public on the value of the airport and its commercial passenger air service;
- 3) marketing studies; or
- 4) service improvement activities such as route analysis.

A grant under this section may not be used for:

- 1) an activity that promotes an airport within the service area of another airport;
- 2) a promotional activity that features one specific air carrier at an airport when more than one air carrier serves the airport;
- 3) administrative costs associated with the marketing program or with the routine operation of the airport; or
- 4) payments to air carriers as fare subsidies, service subsidies, or seat guarantees.
- 5) Donations to Events, Foundations or Scholarships.

ESTIMATED TOTAL COST OF THE WORKPLAN \$110,485.71 AIR SERVICE PROGRAM FUNDS REQUESTED (Max) \$77,340.00

I understand that no state funds are committed until a fully executed MnDOT Contract with final MnDOT signatures for Air Service Marketing Programs has been completed. If a contractor or consultant is used to perform work on the project a copy of the contract will be submitted. Payment may only be made to reimburse local costs incurred. The scope of work is subject to MnDOT review and approval prior to work being initiated.

I am aware that local matching funds are required for participation in the Air Service Grant Program.

I acknowledge that I have read and understand the requirements noted above:

Natalie Peterson 3/4/21
 SIGNATURE DATE

AIR SERVICE MARKETING GRANT PROGRAM

2022 MARKETING TIMELINE

The commissioner of transportation shall establish an air service marketing program to encourage the preservation and expansion of scheduled passenger air carrier service to greater Minnesota. The commissioner may spend funds appropriated from the state airports fund for (1) air service marketing grants and (2) conducting statewide studies to determine the feasibility of air service initiatives. The commissioner may develop a single, recognizable statewide marketing program to increase visibility of and ridership at airports with scheduled air carrier service.

The following are requirements for securing a grant;

- ➔ Submit one agreement per year for marketing with your detailed plan
- ➔ Submit quarterly invoicing per contract requirements
- ➔ Will no longer pay for service charges

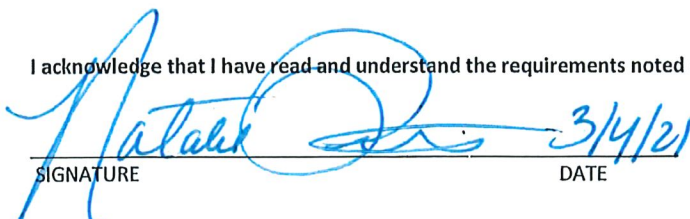
Available funding per current formula have been established. Oct 2020 updated FAA enplanements will be used in SFY22. To help make sure the dedicated funding for this program is used in its entirety. The timeline will be as follows;

- ➔ Grant applications may be sent in at the beginning of the new year and must be received by March 30th.
- ➔ Once Grant Application is received, Unencumbered Contract forms will follow for sponsor action/signatures.
 - This contract formwork must be returned within 75 days of grant offer, if not, the identified funds will be made available for other grants.
- ➔ The first request for reimbursement must be completed per Quarterly Payment Schedule identified in the contract.
- ➔ Funds to be utilized by June 30th of program funding year. Grants will not be amended, any remaining funds will be returned to the State Airport General fund.
- ➔ Performance period will be;
 - July 1 to June 30 of the following year or the date of final MnDOT signature to June 30 of the following year.

2022 Air Service Marketing Timeline

Task	Jan-21	February	March	April	May	June	July	August	September	October	November	Dec-21
Submit Grant Application												
Sponsor Receives ASM Unencumbered Grant Contract & Resolution												
Return SIGNED Contract												
MnDOT Encumber Funds												
MnDOT Routing for FINAL Signatures												
Issue Grant/Contract												
Start Eligible tasks												

I acknowledge that I have read and understand the requirements noted above:

 3/4/21
SIGNATURE DATE

Tactic	Schedule	Media
Campaign - Simple As DLH		
Television/Traditional Media	Sep-Nov, Mar-Apr	\$40,485.71
Billboards	Jul-Sep	\$15,000
Skywalk Boards	Ongoing	\$8,000
UMD Games	Nov - Mar	\$7,500
Steaming	Sept/Oct & Mar/Apr	\$5,000
SEM	Ongoing	\$10,000
Digital - Paid Social	Jul-Sep, Mar-Jun	\$16,000
Digital - Email, blog & social post	6/year	\$5,000
Consumer Surveys	Jan/Sep	\$3,500
Total		\$110,485.71

RESOLUTION

AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION GRANT AGREEMENT FOR AIR SERVICE MARKETING

It is resolved by the Duluth Airport Authority as follows:

1. That the state of Minnesota Agreement No. MnDOT Contract No. 1046164,
"Grant Agreement for Air Service Marketing," for State Project No. A6901-SM029 at the
Duluth International Airport is accepted.
2. That the _____ and _____ are
(Title) (Title)
authorized to execute this Agreement and any amendments on behalf of the
Duluth Airport Authority.

CERTIFICATION

STATE OF MINNESOTA

COUNTY OF _____

I certify that the above Resolution is a true and correct copy of the Resolution adopted by the

(Name of the Recipient)

at an authorized meeting held on the _____ day of _____, 20____

as shown by the minutes of the meeting in my possession.

Signature: _____
(Clerk or Equivalent)

CORPORATE SEAL

/OR/

NOTARY PUBLIC

My Commission Expires: _____



Duluth Pack Advertisement Agreement

TERMS:

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

ARGEEMENT OVERVIEW (CONTEXT):

- Contract Category – Renewal
- Location of advertising – Advertisement is located in the baggage claim area above carousel 2 .
- Type of advertisement – It ncludes two Duluth Pack graphics with logo of their brand.
- Benefit for DAA – This is a revenue opportunity for the DAA and an important business partnership between the two entities. It also promotes a product line used by travelers.

Prepared by: Natalie Peterson

DULUTH INTERNATIONAL AIRPORT

LICENSE AGREEMENT

FOR THE DISPLAY OF ADVERTISING

This License Agreement (the "Agreement") is entered into this 1st day of June, 2021, between Duluth Airport Authority ("DAA") and BKR Investments DBA Duluth Pack ("Advertiser").

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

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

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

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

1. **Term of Agreement.** Notwithstanding the date of this Agreement, this Agreement shall commence on June 1, 2021, and will continue through May 31st, 2022, with the option to renew for one year through May 31st, 2023, unless earlier terminated as set forth herein. At the termination of the Initial Term, this Agreement may be renewed upon agreement of the Executive Director and Duluth Pack for up to two additional one-year periods. Such renewal shall be under the same terms and conditions stated in this Agreement,
2. **License.** DAA hereby grants to the Advertiser a limited, non-transferable license in the area of the Terminal identified on the attached Exhibit A (the "Licensed Space"). The Licensed Space shall be used solely for the purpose of displaying the Advertiser's advertisement. Advertiser takes the Licensed Space in an "as is" condition without representations or warranties of any kind, and DAA shall not be obligated to make any alterations or improvements on or to the Licensed Space.
3. **Advertising specifications.**
 - a. Advertiser shall provide the advertising content at its sole expense on a mutually agreeable form of media.
 - b. Advertiser agrees that the advertising shall solely be used for the purpose of promoting Advertiser's products or services and shall not be used for any other purposes. Advertiser is responsible for all costs related to the design, concept, look and feel of the content used in the advertising. All advertising content is subject to the prior written approval of the DAA's Executive Director or designee (the "Executive Director").
 - c. Advertiser shall be solely responsible for the installation and maintenance of the advertising media as set forth herein.
 - d. Advertiser shall be responsible for the removal of the advertising media in a timely

manner and restoration of the License Space as set forth herein upon a schedule as determined by DAA.

- e. Nothing herein shall restrict DAA in any way from selling advertising, ad space, sponsorships, or any other product or service to any third party on standard commercial terms in other locations, even if such third party is using such advertising, ad space, sponsorships, product or service for the solicitation or sale of products similar to or competitive with Advertiser.
4. **License Fee.** In consideration for the rights and benefits granted to Advertiser pursuant to this Agreement, Advertiser shall pay to DAA a monthly fee in the amount of \$250.00. (the "Fee") to be paid in advance of the first day of each month of the year at the address set forth in Paragraph 21 below. The initial payment shall be due upon execution of this Agreement.
5. **Advertisement Installation.** Advertiser's advertisement shall be installed in a manner acceptable to and approved in writing by the Executive Director.
- a. The timing of the installation shall be coordinated with the Executive Director and work must be performed such that it does not have a material impact on the operations of the Airport or negatively impact any tenants operating at the Airport as determined in the sole discretion of the Executive Director.
 - b. An authorized representative of the Advertiser shall be available at all reasonable times at the site to coordinate the work of the advertisement installation.
6. **Maintenance.** The Advertiser agrees to keep the Licensed Space including the advertisement in a clean, neat and orderly condition and in compliance with all laws and codes applicable to the Licensed Space. The Advertiser shall keep the advertisement operational, functional and/or stocked, as the case may be, during all Terminal hours other than as may be required for any repair, maintenance and/or restocking. In the event that the Advertiser shall fail to so maintain any portion of the said Licensed Space, the DAA shall have the right, but not the obligation, to itself perform or have performed said maintenance and to charge the Advertiser therefor, which charge the Advertiser shall promptly pay. Any damage occurring as a result of the DAA performing or having performed maintenance due to Advertiser's failure to do so shall be the responsibility of the Advertiser and not that of the DAA.
7. **Restrictions on Assignment.** Except for the contracting or subcontracting of installation, Advertiser shall not sell, assign, transfer, or convey this Agreement or any part thereof, or sell, assign, transfer, convey, share or sublet its use of the Licensed Space or any part thereof. Any attempt to sell, assign, transfer, convey, share or sublet this Agreement or the Licensed Space or any portion thereof in violation of this Paragraph shall constitute a breach of this Agreement.
8. **Representations and Warranties.** Advertiser represents and warrants to DAA that:
- a. Advertiser owns or validly possesses the right to make, use, perform, sell and display any patented products, copyrighted works, trademarks, service marks and trade names, as the case may be, used by Advertiser in its advertisement;
 - b. Advertiser has full power and authority to execute and deliver this Agreement and

- c. this Agreement has been duly authorized and approved by all necessary and proper corporate action on the part of Advertiser and is the valid, legally binding and enforceable obligation of Advertiser in accordance with its terms; and
 - d. the execution, delivery and performance of this Agreement by Advertiser does not conflict with, violate or constitute a default under any of the terms, conditions or provisions of any contract or other instrument to which Advertiser is a party or by which Advertiser is or may be bound.
9. **Indemnification.** Advertiser agrees to defend, indemnify and hold harmless DAA and the City of Duluth (the "City") and their respective officers, agents, servants and employees from and against any and all losses, claims, actions, demands, liabilities, judgments, penalties, injunctive relief, injury to person(s) or property or the Licensed Space, costs, damages and expenses, including reasonable attorney's fees, by reason of any actual or alleged act or omission of Advertiser or Advertiser's officers, employees, agents, contractors, subcontractors or invitees in connection with or relating to (a) Advertiser's use or occupancy of the Licensed Space or the Terminal pursuant to this Agreement, (b) the display of Advertiser's advertising including any allegation that the use of any name, visual presentation or other material is illegal, unauthorized or damaging in any way to a person or entity, or (b) Advertiser's infringement of any intellectual property, including without limitation copyright, patent, or the unauthorized use of a registered trademark or service mark or other violations of property or proprietary rights, or the rights of privacy or publicity of any third party arising from, related to or in connection with this Agreement. Upon ten (10) days' written notice Advertiser shall appear and defend all claims and lawsuits against DAA and/or the City growing out of any such injuries or damages. Neither DAA nor the City waives their respective immunities under state or federal law.
10. **Expiration.** Upon the expiration of this Agreement, the Advertiser's rights to use the Licensed Space shall cease and Advertiser shall, promptly and in good condition surrender the same to DAA. In the event that the Advertiser has in any way changed, altered or modified the Licensed Space, Advertiser agrees to return the same to the condition it was in at the time of the signing of this Agreement. In such event, an authorized representative of the Advertiser shall be available at all reasonable times to coordinate the advertisement removal and Licensed Space restoration. Alternatively, if agreed to by the Executive Director, the Advertiser shall pay DAA for the cost of returning the Licensed Space to said condition unless waived by the Executive Director in writing in which event any improvements or property which have become part of the realty shall become the property of DAA. Any improvements or property not part of the realty shall be removed within ten (10) days of expiration. Such improvements or property not removed may be removed by DAA, and Advertiser shall, immediately upon receipt of invoice, pay for the costs incurred therefor. In such event, all property shall be deemed to have been abandoned to the DAA and the Advertiser's right to possession shall cease.
11. **Termination upon breach.** DAA shall have the right to terminate this Agreement upon breach by Advertiser of any of its representations, warranties, covenants or obligations under this Agreement, which breach has not been cured within ten (10) business days after receipt of notice specifying such breach. In the event of a termination by DAA pursuant to this Paragraph, Advertiser shall forfeit all Fees paid and shall further be responsible for payment of the remaining portion of the Fees due under this Agreement. Additionally, DAA shall have

the immediate right to take possession of the Licensed Space. Upon five (5) day's written notice to the Advertiser, DAA may remove all property from the Licensed Space, and Advertiser shall, immediately upon receipt of invoice, pay for the costs incurred therefor. In such event, all property shall be deemed to have been abandoned to the DAA and the Advertiser's right to possession shall cease. In addition, DAA shall have the right to pursue all other rights and remedies at law or in equity.

12. **No Third-Party Rights.** Nothing in this Agreement confers or purports to confer on any third party any benefit or any right to enforce any term of this Agreement.
13. **Compliance with Laws.** The Advertiser agrees to observe, comply and abide with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota, the City and the DAA and their respective agencies now in effect or hereafter promulgated which are applicable to its activities under this Agreement. The Advertiser shall procure at its own expense all licenses, permits or other rights required for the activity contemplated by this Agreement.
14. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Minnesota. All proceedings related to this Agreement shall be venued in Duluth, Minnesota.
15. **Severability.** In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, unenforceable, or violate any applicable law, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.
16. **Waiver.** Any waiver by either party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision. In order to be effective, a waiver must be in writing.
17. **Limitation of Liability.** Liability of the DAA and the City shall be governed by the provisions of the Minnesota Municipal Limitation of Liability Statute, Minnesota Statute Section 466 et seq.
18. **Amendments.** Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.
19. **Notices.** All written notices and/or communications hereunder shall be sent by U.S. mail postage prepaid or personal delivery to the addresses indicated below or to such other respective persons or addresses as the parties may designate to each other in writing from time to time.

Duluth Airport Authority
Attn: Director of Marketing &
Communications
4701 Grinden Drive
Duluth, MN 55811

Advertiser
BKR Investments DBA Duluth Pack
Attn: Andrea Johnson
1610 West Superior Street
Duluth, MN 55806

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

21. **Entire Agreement.** This Agreement, including Exhibit A, constitutes the entire agreement between the parties and supersedes all prior written or oral agreements and negotiations between the parties relating to the subject matter hereto.

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

Duluth Airport Authority

By: _____
Its President

By: _____
Its Secretary

BKR Investments DBA Duluth Pack

By: _____
Its: _____

EXHIBIT A

LICENSED SPACE





Duluth Airport Authority
Oakwells (Arrowhead Tap House)
Food and Beverage Agreement

Terms:

- 5-year term with 2 additional (1) year option terms
- Includes month to month provision upon expiration

Background:

- Oakwells has been operating at DLH since 2014
- In addition to airside service Oakwells also provides catering to Airport Tenants and for special events.

Agreement Overview:

- This is a renewal of previous agreement with a few material changes listed below:
 - The Minimum Annual Guarantee (MAG) has been adjusted due to the decline of business in 2020 and 2021.
 - The MAG calculation has been updated to remove an annual 3% escalator.
 - The MAG will be the greater of the previous year's MAG or 90% of the previous year's commission payments to the Authority, whichever is greater.
- Concession rates remained unchanged.

Why were the changes in key terms needed/wanted?

- Previous agreement had expired.
- Agreement Exhibits needed to be included.

**FOOD, BEVERAGE AND RETAIL
CONCESSION AND LEASE AGREEMENT
Between
DULUTH AIRPORT AUTHORITY
And
OAKWELLS COMMUTER RAIL LLC**

THIS CONCESSION AGREEMENT between the DULUTH AIRPORT AUTHORITY, the governmental authority organized and existing under the Laws of Minnesota, 1969, Chapter 577, hereinafter called "Authority", and Oakwells Commuter Rail LLC, a privately held Limited Liability Company under the laws of the State of Florida, ("Oakwells"), hereinafter referred to as "Concessionaire",

THE PARTIES ACKNOWLEDGE THE FOLLOWING:

1. The Authority is a public body created pursuant to Minnesota Laws 1969, Chapter 577 and responsible for the operation of the Duluth International Airport located in and adjacent to the City of Duluth, Minnesota; and
2. The Authority is the owner and operator of the Terminal at the Airport; and
3. The Concessionaire is authorized to conduct business in the State of Minnesota and has been engaged in the business of providing high quality food, beverage and gift shop services to patrons.
4. The Concessionaire desires to offer food and beverage and related services in the Terminal at the Airport and the Authority agrees to allow the Concessionaire to conduct such business.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree for themselves and their successors and assigns as follows:

**SECTION 1
DEFINITIONS**

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

- A. Airport: shall mean the Duluth International Airport located in the City of Duluth, County of St. Louis, and the State of Minnesota.
- B. City: shall mean the City of Duluth, Minnesota.
- C. Consent or Approval of Authority and of the 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 and shall not unreasonably be withheld or delayed.
- D. Concession Service Area (CSA): shall mean those portions of the Terminal leased to Concessionaire for food, beverage and gift shop operations hereunder, as further described in Section 6 of this Agreement and attached Exhibit A.
- E. CSA Improvements: shall mean, collectively, all improvements constructed on and within the CSA by Concessionaire, including such items as decorations, partitions, wiring, lighting, plumbing fixtures, piping, finished ceilings, ventilation duct work, grills, floor and wall coverings, heaters, cabinets, sinks, counters, and other related improvements.
- F. Executive Director: shall mean the Executive Director of the Authority or designee.

- G. Terminal: shall mean the main passenger terminal building at the Airport located at 4701 Grinden Drive, Duluth, MN 55811.

SECTION 2 EXHIBITS

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

Exhibit A	Concession Service Area (CSA)
Exhibit B	Authority provided equipment within CSA
Exhibit C	Concessionaire provided equipment within CSA
Exhibit D	Staple Items

SECTION 3 CONCESSION

The Authority does hereby grant to the Concessionaire and Concessionaire hereby accepts from the Authority the nonexclusive right to operate a food, beverage and gift shop concession within the Terminal at the Airport for the purpose of offering food, snacks, beverage, books, magazines, newspapers, souvenirs and other goods and related products and services to the traveling public under the covenants, conditions and provisions and in the places set forth in this Agreement.

SECTION 4 TERM

- A. Base Term. The Base Term of this Agreement shall commence on February 7, 2021 and shall remain in effect for five (5) years from that date or February 6, 2026, unless terminated earlier as provided for herein.
- B. Option Term. The parties reserve the right to exercise two (2) additional one (1) year Option Terms beyond the Base Term provided that the parties mutually agree to exercise the Option Term ninety (90) days prior to the end of the Base Term or any executed Option Terms. The Option Term shall be under the same terms and conditions as set forth herein.
- C. Holding Over. It is further agreed that in the event that the Base Term expires and the Option Term is not exercised, or a new agreement has not been executed, at the sole discretion and upon written consent of the Executive Director, this Agreement shall continue in effect on a month-to-month basis under the terms and conditions set forth in this Agreement subject to the adjustment of rates and charges to be negotiated between the parties. The consent of the Executive Director to continue operating on a month-to-month basis may be withdrawn upon thirty (30) days' written notice to Concessionaire.

SECTION 5 NONEXCLUSIVITY

This concession shall not be construed to be an exclusive concession, and the Authority shall have the right to negotiate and execute substantially similar arrangements with any other individual, firm or corporation for engaging in similar activities within the Terminal at the Airport. The Authority shall not, however, during the term of this Agreement, grant to any other individual, firm or corporation, a similar concession upon terms or conditions materially more favorable than those herein granted Concessionaire.

SECTION 6 CONCESSION SERVICE AREA

Concessionaire is hereby granted use of the Concession Service Area, consisting of 1,891 square feet, more or less, within the Terminal, such space to be used solely for the purposes set forth in Section 3 herein. The areas to be used by Concessionaire are shown on attached Exhibit A, and are allocated generally as follows:

	(Approximate Square Footage)
Landside Order Area (Second Floor of Terminal)	69
Backhouse Kitchen Area (Second Floor of Terminal)	367
Airside Gift Shop/Coffee Shop (Second Floor of Terminal)	542
Airside Bar (Second Floor of Terminal)	913

The square footage of each area stated herein are approximate. The terms and conditions under which additional space may be made available to Concessionaire shall be negotiated by the parties hereto if additional space is available and requested by Concessionaire.

SECTION 7 RIGHTS OF INGRESS AND EGRESS

Subject to any applicable rules, regulations, or Authority policies governing the use of the Airport and Terminal, Authority grants to Concessionaire the non-exclusive right to use, in common with others, the areas designated by Authority to be public or to be used in common, including, but not limited to, the walkways, streets, roadways, waiting rooms, hallways, restrooms and other passenger conveniences at the Airport and the Terminal, herein after referred to as "Public Areas", for Concessionaire's employees, patrons, guests and invitees for the use for which the Public Areas were designed. Concessionaire's right under this section includes the right of ingress to and egress from the CSA for Concessionaire and its employees, patrons, guests, invitees, suppliers of materials and services, along with equipment, and other property related to Concessionaire's business within the Terminal at the Airport under this Agreement. The rights of ingress and egress granted by this section may be exercised without charge, provided that Authority may charge Concessionaire for employee, patron, guest, and supplier parking privileges.

SECTION 8 CONCESSION PAYMENT AND STATEMENTS

In consideration of the rights and privileges conferred by this Agreement, Concessionaire agrees to pay Authority the following amounts:

A. Concession Fees and Minimum Annual Guarantee (MAG):

The following concession fees shall be payable to the Authority on Gross Revenues resulting from the retail component of the concession:

1. Liquor- fifteen percent (15%)

2. Food and non-alcoholic beverages- ten percent (10%)
3. Retail- twelve percent (12%)

The following concession fees shall be payable to the Authority on Gross Revenues resulting from the catering component of the concession:

1. Liquor- sixteen percent (16%)
2. Food and non-alcohol- twelve percent (12%)

The term "Gross Revenues" as used herein shall mean the revenues or sales price of all food, beverages and other merchandise and items sold or dispensed by the Concessionaire on the Airport and the charges made for all services performed by the Concessionaire excluding returns where Concessionaire refunds the sale price to the customer and employee discounted sales as identified below, including revenues for service or goods delivered outside the terminal but on the Airport, but excluding State and local sales taxes collected by Concessionaire from its customers. Concessionaire will offer an employee discount program of twenty percent (20%) and discount meal and those sales will be excluded from Gross Sales for purposes of determining the concession fees due the Authority. **All reports of Gross Sales are subject to audit by the Authority. The Authority reserves the right to audit all financial records related to the reporting of concession fees and the annual MAG as provided in Section 13 H. 2.**

There shall be a Minimum Annual Guarantee (MAG) established which will be the minimum amount the Concessionaire shall pay the Authority on an annual basis. The MAG for the first year shall be thirty-five thousand dollars (\$35,000). The MAG for each succeeding year shall be the greater of the previous year's MAG or ninety percent (90%) of the previous year's commission payments to the Authority, whichever is greater. In the event the calculated monthly payment does not equal one twelfth (1/12th) of the MAG, there will be a reconciliation at the end of the calendar year. Any reconciliation amount owed the Authority shall be made within thirty (30) days following the date of Authority's invoice to the Concessionaire. In the event that passenger traffic declines by fifty percent (50%) or more compared to the same month from the previous year, the MAG will automatically be reduced by fifty percent (50%) for those months until passenger traffic has increased to numbers less than fifty percent (50%) reduced.

The Concession Fee or monthly Minimum Annual Guarantee amount, whichever is greater, shall be due and payable to Authority on a monthly basis. Concessionaire shall furnish a statement of Gross Revenues in a form acceptable to the Executive Director on or before the tenth (10th) day of each month following the month to which such Gross Revenues relate. Payment shall be due and payable within five calendar (5) days thereafter. A reconciliation will be completed following the end of each calendar year detailing the annual amount due under the MAG and the monthly payments made. If the annual amount paid is greater than the final calculated amount due, a credit will be issued by the Authority within thirty (30) days of the completion of the reconciliation.

B. Monthly Statements:

Concessionaire shall provide to the Executive Director, by the tenth (10th) day of each month, a statement containing the following information with respect to Concessionaire's operations at the Airport for the immediately preceding month:

1. Gross Receipts for all food and beverage sales except alcoholic beverages
2. Gross Receipts for alcoholic beverage sales
3. Gross Receipts for all retail sales
4. Gross Receipts for all catering alcoholic sales
5. Gross Receipts for all food and non-alcoholic catering sales

C. Late Payment or Statement:

If Concessionaire is delinquent for thirty (30) days or longer in paying any amounts owed to the Authority under this Agreement, Concessionaire shall pay to the Authority a late payment charge

assessed on the delinquent amount at the Authority's then-prevailing rate on delinquent accounts (the rate at the date of execution of the Agreement is one and one-half percent (1½%) per month). The late payment charge shall accrue from the date the delinquent amount was due until paid.

The remedies provided by this Section are in addition to all other remedies the Authority may have for a breach of this Agreement by Concessionaire, and nothing in this Section shall be deemed to be a waiver by the Authority or prevent the Authority from asserting any other remedy.

SECTION 7 OTHER PAYMENTS AND FEES

- A. Fee for Electrical Consumption: Concessionaire agrees to pay for its monthly electrical consumptions as indicated by separate meter or calculation should meter not indicate.
- B. Fee for Restaurant and Liquor License: Concessionaire agrees to pay for all fees associated with obtaining a restaurant license and airport liquor license in its name from the City of Duluth and the State of Minnesota. Concessionaire shall be responsible for complying with all insurance requirements associated with the liquor license and shall assume all liability for any actions resulting from the serving of alcohol covered by the license and shall further hold the Authority and the City harmless from any and all actions associated with the license and the serving of alcohol.
- C. Fee for Employee Background Checks and Security Badges: Concessionaire agrees to pay for all costs of required fingerprint based criminal history record checks and other Airport badging related expenses conducted on Concessionaire's agents and employees.
- D. Fee for Failure to Maintain. In the event that Concessionaire fails to keep the CSA in a neat, clean, orderly and sanitary condition as is required by this Agreement and the Executive Director has issued a written notice of such deficiency and provided a reasonable cure period as determined solely by the Executive Director, Authority may itself clean or cause to be cleaned those portions of the CSA not so kept, and Concessionaire agrees to reimburse Authority for the direct and indirect costs incurred by Authority for the performance of said work plus a fifteen percent (15%) administrative fee, due and payable upon the receipt of the invoice.
- E. Fee for Repair and Replacement. Concessionaire shall promptly repair or replace any property of the Authority lost, destroyed or damaged by its operations hereunder. If Concessionaire fails to promptly repair or replace such property following written notice by the Executive Director of such deficiency and a reasonable cure period as determined solely by the Executive Director, Authority may repair or replace it and Concessionaire agrees to reimburse for the direct and indirect costs incurred by Authority for such repair or replacement plus a fifteen (15%) percent administrative fee, due and payable upon the receipt of the invoice.
- F. Fee for Unpaid Licenses, Fees, Taxes, and Assessments. Concessionaire hereby agrees to pay all licenses, fees, taxes and assessments of any kind whatsoever which arise because of, or in the course of any operations covered by this Agreement during the term hereof. Should Concessionaire fail to pay such amounts following written notice of such deficiency and a reasonable cure period as determined solely by the Executive Director, the Authority may pay the same on behalf of Concessionaire, and Concessionaire agrees to reimburse Authority for said amounts paid plus a fifteen percent (15%) administrative fee due and payable upon the receipt of the invoice.

- G. Fee for Telephone and Computer. Concessionaire shall be responsible for providing and installing all telephone and computer systems necessary for its operation at its sole expense along with any monthly service fees.

SECTION 8 UTILITIES BY AUTHORITY

The Authority agrees to provide such heat, internet infrastructure, telephone infrastructure, water, sewage, and garbage disposal from the central collection point as are reasonable necessary for Concessionaire's operations at no additional cost to Concessionaire.

SECTION 9 LEASE OF CSA AND AUTHORITY-PROVIDED EQUIPMENT

Authority shall lease to the Concessionaire the CSA and the Authority-provided equipment set forth in Exhibits **A and B**, including a kitchen/food preparation area, walk-in cooler/freezer, serving areas, bar, dining area, and merchandising area. The CSA and the Authority-provided equipment are provided on an "as is where is" condition without representations or warranties of any kind.

SECTION 10 CONCESSIONAIRES RESPONSIBILITY

Concessionaire shall, at its sole risk and expense, provide equipment identified in **Exhibit C**. Concessionaire shall also be responsible for the purchase and installation of the following:

- A. All dishes and utensils needed for its food, beverage and other related services within the CSA.
- B. Branded signage at the concourse entrance and at the landside food order area.
- C. Menu boards over the main order counter and bar area inside the CSA and a wall mounted menu board inside the landside food order area.
- D. Point of sale system for food/beverage and other related services.
- E. Any other equipment needed for the operation of a food, beverage and gift shop concession for the purpose of offering food, snacks, beverage, books, magazines, newspapers, souvenirs and other goods and related products and services to the traveling public

SECTION 11 PERFORMANCE BOND/LETTER OF CREDIT/ SECURITY DEPOSIT

- A. Requirements. To guarantee its performance of all of the conditions and obligations under this Agreement, Concessionaire agrees to secure a performance bond or letter of credit or provide a security deposit issued to the Authority in the amount of five thousand dollars (\$5,000.00). If a bond or letter of credit, it must be secured from a surety which is acceptable to the Executive Director and guaranteeing performance by the Concessionaire of all of the terms and conditions of this Agreement and further guaranteeing all payments to be made hereunder. Said bond or letter of credit shall further include a requirement that the surety notify the Authority in writing at least thirty (30) days prior to the cancellation or termination of said performance bond or letter of credit. It is agreed that the amount of such bond or letter of credit may not be diminished below the required amount as set forth herein during the term of this Agreement. As an alternative and in lieu of a performance bond or letter of credit, Concessionaire may deposit with the Authority the required amount.

- B. Waiver. The Executive Director may waive the Performance Bond/Letter of Credit/Security Deposit requirement provided Concessionaire has remained in compliance with the terms and conditions of this Agreement and has remained current on all payments due under this Agreement for a period of one (1) year. If Concessionaire has met this requirement over the past twelve months prior to the commencement of this Agreement, it will qualify for such waiver. If Concessionaire has the requirement waived and subsequently is determined to be in default as called for in this Agreement or has delinquent payments due the Authority, Authority reserves the right to reinstitute the Performance Bond/Letter of Credit/Security Deposit requirement subject to the terms of this section.

SECTION 12 CONSTRUCTION AND CSA IMPROVEMENTS

- A. Approval of Executive Director. In the event that Concessionaire wishes to make any CSA Improvements within the CSA, Concessionaire shall submit a written request to the Executive Director together with design development or construction drawings showing all details of said CSA Improvement. No CSA Improvement shall be made in the CSA without the prior written approval of the Executive Director, which decision shall not be unreasonably delayed, and then only in conformance with the approved plans and this Section.
- B. Regulations and Standards. All work performed on behalf of Concessionaire shall conform to all applicable regulations, building design standards, building codes and health standards, as well as the following requirements:
1. All construction shall meet the requirement of Type I (fire resistant) construction as set forth in the Minnesota State Building Code (current edition) and the building standards for the Airport.
 2. Complete contract drawings and specifications on all work, including alterations, additions or replacements, must be submitted for and receive approval of the Executive Director. Concessionaire will be responsible for delivering to the Authority at no cost "as built" drawings and an electronic version of same or any reasonable substitute as agreed to in writing by the Executive Director within sixty (60) days of completion of any CSA Improvement.
 3. All work must be done by qualified and licensed contractors authorized to do business at the Airport in the time and manner approved by and coordinated with the Executive Director. Concessionaire shall comply with the indemnity and insurance and bond requirements below. Work must be performed such that it may not have a material impact on the operations of the Airport or negatively impact any tenants operating at the Airport as determined in the sole discretion of the Executive Director.
 4. An authorized representative of Concessionaire shall be available at all reasonable times at the site to coordinate the work of the CSA Improvements.
- C. Construction Bonds and Insurance.
1. Bonds. During the term of this Agreement when any CSA Improvements are constructed, installed or renovated, Concessionaire 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 CSA Improvements, and before the commencement of work thereon, Concessionaire 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 Fifteen Thousand Dollars (\$15,000), Concessionaire 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 the Executive Director 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 Concessionaire for said labor and materials supplied for said CSA Improvement. Upon completion of the CSA Improvement project and the furnishing by Concessionaire to Authority of lien waivers by all contractors, laborers and materialman involved in said CSA Improvement, Authority shall agree to the release of any funds remaining in escrow or held by it to Concessionaire.

2. Contractor's Public Liability and Property Insurance. Before commencing any CSA Improvement, work or equipment installation in the CSA, Concessionaire shall require all contractors and subcontractors to procure and maintain insurance during the term of such contracts, protecting the Authority, the City, and the Concessionaire as follows:
 - a. Workers' Compensation Insurance.
 - b. Contractor's Comprehensive Liability and Property Damage Insurance with limits no less than \$1,500,000 combined single limit per occurrence, including but not limited to, bodily injury and property damage, airport premises and products/completed operations liability, contractual liability, independent contractors liability.
 - c. Contractor's Automobile Liability and Property Damage Insurance, including automobile and non-ownership and hired cars with limits no less than \$1,500,000 each occurrence including owned and/or leased automobile liability and non-owned and hired automobile liability.
 - d. Owner's Protective Public Liability and Protective Property Damage Insurance.
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. The use of an "ACORD" form as a certificate of insurance shall be accompanied by two forms - 1) ISO Additional Insured Endorsement (CG-2010 pre-2004) and 2) Notice of Cancellation Endorsement (IL 7002) - or equivalent, as approved by the City Attorney's Office.
 - d. Insurance, as above provided, shall be kept intact and in force throughout the term of the CSA Improvement. Such insurance shall be subject to the approval of the City Attorney and copies furnished to the Authority prior to the commencement of construction.

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

SECTION 13 CONCESSIONAIRE'S OPERATING STANDARDS

A. Service Standards:

1. Required Services. Concessionaire shall be required to sell food, snacks, beverages, books, magazines, newspapers, souvenirs and other goods and products in the CSA in the Terminal.
2. Greeting. Concessionaire shall greet all of its customers with warm, friendly, smiling, prompt, and courteous service. Telephones shall be answered promptly from a location that is not visible or audible to customers inside the CSA. Walk-in customers shall be given priority.
3. Food Service Menu. Concessionaire shall develop and maintain a food and beverage menu to meet the needs of both the traveling public and persons employed at the Terminal. Prices for items on the food service menu shall be comparable to those charged by other restaurants in the Duluth, Minnesota trade area. Concessionaire shall vary the food and beverage menu from time to time to meet changes in demand.
4. Food Quality and Display. Concessionaire shall provide good quality, fresh and well prepared and presented food. Prices will be displayed in such a manner as to be easily visible and understood by potential customers.
5. Merchandising. Concessionaire shall display attractive merchandising that entices customers to purchase retail products. Concessionaire shall develop and implement creative and effective merchandising means within the CSA; those means may include, without limitation, merchandise displays, full retail display cases, promotional displays (for which Executive Director approval must be obtained), and attractive packaging. All signage and merchandising displays must be approved by the Executive Director which approval shall not be unreasonably withheld.
6. Marketing. Concessionaire shall develop, implement and maintain a marketing and promotion program that will effectively inform private and commercial aviation service providers and other Terminal tenants, persons employed at the Airport, and the general public of the food and beverage services offered at the Terminal by Concessionaire. Concessionaire shall provide daily food service specials or price incentives designed to encourage persons employed at the Terminal to utilize the Concession.
7. Service. Concessionaire shall provide timely, attentive, and friendly service. Food and beverage orders and merchandise requests shall be taken promptly and in a friendly and courteous manner. Processing of payments for food service, beverages and retail products shall be prompt. Sales receipts shall be properly itemized, shall reflect a description of the goods and services purchased, the individual price for each

item of goods and services purchased, totals and applicable taxes. All customers shall be thanked for their patronage.

8. "Thanks Again" program. Concessionaire shall participate in the "Thanks Again" program as coordinated with the Authority and shall promote the program as part of the concession.
9. Credit Cards. Concessionaire shall accept traveler's checks and at least two major credit cards for any purchase.
10. Hours of Service. Concessionaire shall provide all services required under this Agreement three hundred sixty five (365) days a year with operating hours and staffing levels adequate for both the hourly and seasonal peaks in passenger traffic. The concession shall be open for service commencing one hour prior to the first scheduled departure until fifteen (15) minutes prior to the last scheduled departure. In the event of departure delays, the Concessionaire will use commercially reasonable best efforts to keep the concession open until the flight departs factoring in the value of customer service and the cost required to keep the concession open.

In addition, the Airport is a designated diversion airport for irregular operations. In the event that a domestic or international flight is diverted to the Airport and passengers are deplaned (typically dictated by the three hour rule of keeping passengers on planes while on the ground), it is essential that the concession remain open during any such diversion. The Authority will coordinate with the Concessionaire when such a situation arises and the Concessionaire will cooperate with the Authority to ensure the best possible customer service is extended.

11. Testing and Inspection by the Authority. The Authority may monitor, test, or inspect Concessionaire's services at any time through the use of a responsible shopping service or by other commercially reasonable means that do not unduly interfere with Concessionaire's business.
12. Security Requirements. Concessionaire shall abide by, and require its agents, contractors, and employees to abide by, and be subject to all rules and regulations which are now, or may from time to time, be promulgated by the Authority or the Executive Director concerning the management, operation, or use of the Airport, and specifically to abide by all provisions of the Airport Security Plan on file in the office of the Executive Director. Concessionaire must comply with all security requirements of the Authority, Department of Homeland Security, the Federal Aviation Administration and any other governing agency. Concessionaire further agrees to provide Airport Identification badges as required by the Executive Director at its sole cost for all of its agents, contractors and employees serving at the Airport, and shall require said agents, contractors and employees to have such badges in their possession at all times while on the Airport.
13. Badging. Concessionaire shall display the correct security identification/access badges at all times while working at the Airport.
14. Staple Items. Concessionaire agrees to display and sell items listed in Exhibit D, attached to and made part of this agreement.

B. Employee Standards:

Concessionaire shall recruit, train, supervise, direct, and deploy the optimum number of employees to match the Service Standards set forth above. Each employee shall: (1) be clean, neat, and attired in the approved uniform; (2) be free from offensive body odor; (3) be professional, courteous, and friendly to the public; (4) not wear excessive amounts of jewelry, perfume, or cologne; and (5) wear the employee's Airport identification at all times, showing the names of both the Concessionaire and the employee, within the guidelines of all local, state and federal laws. Concessionaire shall discipline and, if necessary, discharge any employee who fails to conform to the foregoing standards while working at the Airport.

C. Sanitation, Hygiene, and Cleanliness:

1. Concessionaire shall keep the CSA and proximately located surrounding public areas reasonably free of debris, trash or soiled cleaning supplies (e.g., rags and buckets) originating from Concessionaire's operations or customers. Concessionaire shall ensure that all equipment, walls, floors, counters, tables and other surfaces are cleaned and sanitized frequently, and that employee areas are cleaned daily. Concessionaire shall keep the CSA free of hazardous conditions, shall keep public areas around the CSA free of hazardous conditions originating from Concessionaire's operations, and shall notify the Authority promptly of other hazardous conditions in the Public Areas outside the CSA. Concessionaire shall monitor areas within and contiguous to the CSA to ensure that they are kept clean and orderly, and that trash is not allowed to accumulate. Concessionaire shall ensure that all its employees conform to the employee standards set forth above and to personal hygiene and health requirements established by Concessionaire's policy(ies) and by federal, state, or local laws, rules, regulations and/or ordinances.
2. Concessionaire shall provide a complete and proper arrangement for the adequate sanitary handling of all trash and other refuse caused as a result of Concessionaire's operations and shall provide for its timely removal to the central collection point designated by the Executive Director. Concessionaire shall take appropriate action to exterminate and prevent the presence of rodents and other vermin. Concessionaire shall keep all garbage and putrescible materials in durable, fly- and rodent-proof, fireproof containers that are easily cleaned. The containers shall have tight-fitting lids, doors, or covers, and shall be kept covered when material is not being deposited in them. Concessionaire shall clean the containers as necessary to prevent odors. Concessionaire shall not allow boxes, cartons, barrels, or other similar items to remain within view of the public. The Authority at its expense shall be responsible for handling and removal of trash and other refuse deposited by customers in public areas.

D. Waste Reduction, Recycling, Reuse:

1. General. Concessionaire shall gather, sort, and transport all garbage, refuse, and recyclable materials daily to the central collection point designated by the Executive Director. Concessionaire shall place all garbage, refuse, and recyclable materials in the appropriate containers at the designated collection point. Concessionaire is encouraged to maximize its participation in a recycling program.
2. Garbage. Concessionaire shall take all reasonable measures to reduce the amount of waste it generates by requiring suppliers to remove nonessential overwraps, containers, and other packaging, and to use recyclable materials for essential packaging.

3. Recyclable Materials. Executive Director reserves the right to institute a recycling program in which Concessionaire shall participate. Recyclable materials collected by Concessionaire shall be stored separately from trash and refuse. Authority may provide containers for recycling: (1) corrugated cardboard, (2) magazines, (3) newspapers, (4) tin and steel cans, (5) glass that is clear, brown, or green, and (6) high grade office paper, including letterhead, typing paper, photocopy paper, and computer paper. Concessionaire shall ensure that the following materials are not deposited in Authority recycling containers: (1) hazardous materials, (2) cans or other containers used to store paint, oil, solvent, cleaning fluids, or other hazardous liquids; and (3) "non-clean" paper, including wax coated paper, paper that is soiled with food, paper with plastic covers or windows, and colored paper.

E. Deliveries:

1. Hours. All deliveries shall be scheduled during non-peak aircraft arrival and departure times. Executive Director may issue schedules of acceptable delivery times, which, upon reasonable notice to Concessionaire, Executive Director may adjust from time to time, and from which Concessionaire shall not deviate without Executive Director's prior consent.
2. Zones. Executive Director may establish authorized vendor delivery zones which may, upon reasonable notice to Concessionaire, be changed from time to time because of Authority construction or operational requirements. Use of any such delivery zones by Concessionaire or Concessionaire's suppliers shall be limited to 30 minutes at any one time; deliveries that will take longer than 30 minutes must be approved by the Executive Director. All vehicles using the delivery zones must be prominently marked on both sides with the company name or logo.
3. Transportation. Concessionaire shall ensure that inventory, merchandise, supplies, trash, refuse and recyclable materials being transported within the Terminal are handled with care in a manner that ensures that items do not spill or leak. Inventory, merchandise and supplies transported from the non-secured side of the Terminal to the secured side of the Terminal may be required to pass through x-ray inspection units. In transporting inventory, merchandise, supplies, trash, refuse and recyclable materials associated with Concessionaire's operations within the Terminal, Concessionaire shall use only those delivery and receiving routes established by the Executive Director and shall use appropriate carts, vehicles, or other conveyances. If delivery and receiving routes are carpeted, delivery carts must be equipped with wheels suitable for operating on carpets without causing damage to them.

F. Product Pricing:

Concessionaire shall charge fair, reasonable and not unjustly discriminatory prices for all food, beverage and retail products. Prior to setting initial prices and/or adjusting published prices, Concessionaire agrees to consult with the Executive Director. In addition Concessionaire will review proposed price changes on an annual basis for reasonableness if requested by the Executive Director.

G. Non-Interference with Utilities:

Concessionaire shall do nothing, and shall permit nothing to be done, that may interfere with the drainage or sewerage systems, fire hydrants, heating and air conditioning systems, electrical systems, domestic hot water, domestic cold water, gas, fire suppression systems, fire alarm system, or plumbing at the Terminal or elsewhere at the Airport. Concessionaire's duty under this Section includes, but is not limited to, preventing grease and oils from entering waste lines, drains, and sewers.

H. Record Handling:

1. Concessionaire will maintain, in accordance with generally accepted accounting principles for each year during which the Agreement is in effect, all records, documents and books of account recording all transactions of the business conducted by Concessionaire at the Airport within the City of Duluth, which records, documents and books of account shall be held accessible to the Authority and its representatives at any time upon reasonable demand by the Executive Director. All records must be maintained by Concessionaire for a minimum of six (6) years following the termination of the contract as called for herein.
2. Concessionaire will allow the examination and audit by the Authority and/or the Legislative or State Auditor or their representatives, of any records, documents or books of account of Concessionaire pertaining to their operations within the Terminal. Concessionaire must provide the records requested within five (5) days upon receipt of notice. If as a result of such inspection and upon audit, deficiency in payments made to the Authority hereunder of more than five percent (5%) is disclosed, the cost of audit shall be borne by the Concessionaire due and payable upon demand. Otherwise, the cost of inspection and audit shall be borne by the Authority.

I. Management:

The operation and maintenance of the CSA shall be under the constant, direct supervision of a trained, qualified, and experienced manager employed by Concessionaire. Concessionaire's manager shall be authorized to accept any notice required or allowed by this Agreement, and shall have authority to make all decisions reasonably necessary in the day-to-day operation of the concession, including, without limitation, decisions regarding merchandise quality, merchandise price, and employee conduct. Concessionaire's manager or a designated supervisor with the authority to make decisions shall be available on-site during business hours, provided that a subordinate may be designated as an acting manager during brief absences of the manager. Concessionaire may employ more than one manager to satisfy the requirements of this Section.

J. Restaurant License; Liquor License:

Concessionaire shall file the appropriate applications to obtain a restaurant license and the designated airport liquor license from the City of Duluth and/or the State of Minnesota for its operations at the Airport and shall diligently prosecute such applications until such licenses are issued. Concessionaire shall not serve prepared food or alcoholic beverages at the Airport until the necessary permits and/or licenses have been secured and the required liquor liability insurance coverage have been obtained.

SECTION 14
CASH HANDLING REQUIREMENTS

- A. Equipment such as a point of sale system, or any other electronic or mechanical device used for recording customers' sales, shall have a serial totaling unit built in them with a continual sequence recording of transaction of sales for proper sales accountability. The totalizer of such units may not be turned back, but shall be continuous in adding to each transaction as made. All units, where the Authority shall determine visible monitoring is to be made of customers' transactions, shall be placed so that said monitoring can be made readily, and the windows thereof shall be properly illuminated so that transactions can be viewed by customers from a reasonable distance when such equipment is in use.
- B. All point of sale systems and devices used in recording sales to customers shall have a non-resettable grand total that accumulates each transaction entered into these devices. All transactions recorded on these devices shall be visibly displayed so that the amount recorded can be viewed by customers from a reasonable distance. No point of sale system or device in which cash sales are recorded and deposited may be opened without recording the date and time of said opening. Register or device drawers must be kept closed at all times except when sales are made, change is made, or routine audits are conducted. The point of sale system must have sufficient keys for proper breakdown of and segregation of transactions and meet all accepted standards of accounting systems and cash control.
- C. The point of sale system and other electronic or mechanical devices that total customers' transactions shall have a reading taken of the same at least once each 24 hours and recorded for accounting purposes. Adequate security protection is to be maintained so that unauthorized persons may not tamper with the totaling unit of such devices.
- D. All persons handling sales shall promptly record said sales (cash or credit) in cash registers and other electronic or mechanical devices and shall not delay or "gang" register or record such sales.

SECTION 15
MAINTENANCE AND REPAIRS WITHIN CSA

A. Maintenance:

Concessionaire shall at all times and at its sole expense keep the CSA and all improvements in the CSA, including furnishings, fixtures, and equipment, whether installed by Concessionaire or by the Authority, in a safe, neat, clean and orderly condition and appearance, normal wear and tear excepted. Without limiting the generality of the foregoing, Concessionaire shall, at its sole cost and expense, be responsible for performing the following:

- Janitorial services, providing janitorial supplies, window washing, rubbish, and trash removal to the central collection point designated by the Executive Director.
- Replacement of light bulbs in the CSA.
- Cleaning of stoppages in sinks, plumbing fixtures and drain lines to the first "clean-out" outside the CSA.
- Cleaning and maintaining grease traps.
- Cleaning and replacement of filters in exhaust hoods.
- Cleaning and maintaining the fire suppression system and related components required over the cooking appliances (e.g., grill, fryer), including required periodic inspections.

- Regularly scheduled maintenance of Authority-owned equipment and fixtures in conformity with manufacturer's recommendations. (If necessary to prevent voiding manufacturer's warranties, such maintenance shall be performed only by certified or authorized technicians.)
- Maintaining hand fire extinguishers in accordance with applicable safety codes.
- Supplying, stocking, servicing and maintaining Concessionaire-owned, -leased or -operated mobile food or beverage carts (including policing the area surrounding the same) at Executive Director approved locations within the Terminal.
- Cleaning floors and floor coverings in and around the CSA.
- Maintaining electrical loads within the designed capacity of the CSA's electrical system. (Prior to making any change in the electrical loading which may exceed such capacity, Concessionaire shall first obtain Executive Director's written consent).

Upon termination of this Agreement, Concessionaire shall deliver the CSA, and all improvements thereon, including all furnishings, fixtures and equipment, to the Authority in the same condition and repair as the same existed on the commencement date of this Agreement, reasonable wear and tear excepted. The Executive Director shall be the sole judge of the quality of maintenance.

B. Repairs:

The Authority shall keep the structural components of the CSA (including the walls and roof), the mechanical systems serving the CSA (*i.e.*, HVAC, plumbing, electrical and natural gas systems), and the Authority-owned equipment and fixtures in good repair, subject to Concessionaire's maintenance obligations set forth above. Authority shall not be required to make any repairs to the CSA, mechanical systems or Authority-owned equipment or fixtures or any other elements of the CSA unless and until Concessionaire has notified Authority in writing of the need for such repairs. Authority shall have a reasonable period of time following receipt of such notice to commence and complete said repairs. Notwithstanding the foregoing, Concessionaire shall repair all damage to the CSA and all improvements on the CSA, including furnishings, fixtures, and equipment, caused by the negligence or willful acts or omissions of Concessionaire, its employees, agents, servants, or licensees. All repairs to the CSA done by or on behalf of Concessionaire shall be of first-class quality in both materials and workmanship, shall be equal to or better than the original in materials and workmanship, and, except in emergencies requiring immediate response, shall have the prior written approval of the Executive Director. All repairs shall conform to the applicable rules and regulations and building codes prescribed from time to time by federal, state, or local authority having jurisdiction over the CSA. The Executive Director shall be the sole judge of the quality of the repairs. Concessionaire expressly waives any and all claims for damages of any kind, including but not limited to loss of profits as a result of the interruption of Concessionaire's business, resulting from the need for repairs to the CSA, the mechanical systems or Authority-owned equipment or fixtures, whether such repairs are undertaken by the Authority or Concessionaire.

To the extent that any item of the Authority-owned equipment or fixtures listed on **Exhibit B** shall, by reason of normal "wear and tear" and/or by reason of its age and/or years of service, become functionally obsolete, useless, irreparable or economically imprudent to repair, Authority shall be responsible for, and pay the cost of, replacing such item. Executive Director's determination as to the functionality or utility of such item or the economic feasibility of repairing such item shall be made only after consultation with Concessionaire. If, following consultation with Concessionaire, Executive Director reasonably determines that such item has become functionally obsolete, useless, irreparable or economically imprudent to repair, Concessionaire shall surrender possession of such item, remove such item from the CSA

and deliver it to Executive Director. Executive Director shall, following consultation with Concessionaire as to type, size and quality specifications, purchase, lease or otherwise obtain equipment and/or fixtures of its own choosing to replace any such item. All items of replacement equipment or fixtures purchased, leased or obtained by Authority and placed or installed in the CSA shall, at all times, be and remain the sole and exclusive property of the Authority. Concessionaire shall not have or acquire any right, title or interest in or to any such replacement equipment or fixtures.

Concessionaire shall repaint or refinish, at its sole cost and expense, high traffic areas of the CSA subject to greater-than-normal wear on a schedule to be specified by Concessionaire, or as may be directed by the Executive Director if Concessionaire fails to specify a reasonable schedule. Concessionaire shall repair or replace Concessionaire's trade fixtures and equipment that become worn, chipped, dented, or gouged. All repainting and refinishing shall have the prior written approval of the Executive Director.

C. Right to Enter:

The Authority shall have the right to enter the CSA at reasonable times during Concessionaire's regular business hours to inspect the CSA and to determine whether Concessionaire has complied with and is complying with the terms and conditions of this Agreement.

The Authority shall have the right to enter the CSA to cure any material breach that remains uncured by Concessionaire after reasonable notice and opportunity to cure.

The Authority shall have the right to enter the CSA at any time to respond to any emergency.

Nothing in this Section shall be construed to be a limitation or restriction on the exercise of the Authority's police power.

**SECTION 16
CONCESSIONAIRE'S COVENANTS**

- A. Concessionaire shall comply with all 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, the Occupational Safety and Health Administration ("OSHA") and the Federal Aviation Administration relating to Concessionaire's activities at the Airport, including but not limited to the Airport Certification Manual, the Airport Security Plan and the Airport Minimum Standards, current copies of which are on file in the office of the Executive Director located at the Airport.
- B. Concessionaire for itself, its personal representatives, successors in interest, and assigns, and as a part of the consideration hereof, does hereby 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.
- C. No advertising signs shall be used or displayed by Concessionaire other than those approved in writing by the Executive Director.

SECTION 17 INDEMNIFICATION

- A. The Concessionaire shall indemnify, save, hold harmless, and defend the Authority and the City, their officials, agents and employees, from and against any fines related to or based upon the violation of any federal, state, municipal or Authority laws, statutes, resolutions, or regulations, now in effect or hereafter promulgated, by Concessionaire, its agents, employees, or successors and assigns, and 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 Concessionaire's operation of its business and/or performance of its obligations under this Agreement or use and/or occupancy of the CSA or of the Airport. On ten (10) days' written notice from the Authority, the Concessionaire shall appear and defend all claims and lawsuits against the Authority and/or the City growing out of any such injury or damage. The provisions of this paragraph shall survive the expiration, termination or early cancellation of this Agreement.

SECTION 18 INSURANCE

A. Insurance Requirements.

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

1. Comprehensive General Liability with limits no less than one million five hundred thousand dollars (\$1,500,000) combined single limit per occurrence, and twice the limits provided when a claim arises out of the release or threatened release of a hazardous substance, including but not limited to, bodily injury and property damage, airport premises and products/completed operations liability, contractual liability, and independent contractors liability.
2. Business Automobile Liability with limits no less than one million five hundred thousand dollars (\$1,500,000) each occurrence including owned and/or leased automobile liability and non-owned and hired automobile liability.
3. Fire Legal Liability with limits no less than \$25,000.00 each occurrence.
4. Workers' Compensation Coverage in statutory amounts with "all states" endorsement including Employees Liability Insurance in limits of \$1,000,000 per employee.
5. Liquor Liability Coverage in the amount of not less than \$1,500,000 per occurrence.

- B. Requirements for All Insurance. All insurance required in this Section shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota and with companies or underwriters satisfactory to the City Attorney.

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

- D. Insurance Primary. All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or City.
- E. Insurance Certificate. Certificates showing that Concessionaire is carrying the above-described insurance in the specified amounts shall be furnished to Executive Director prior to the execution of this Agreement, and a certificate showing continued maintenance of such insurance shall be filed with Executive Director during the term of this Agreement. Failure of Concessionaire to provide the required certificates of insurance does not invalidate or eliminate any of the insurance requirements contained herein or relieve Concessionaire from any responsibility to carry the required types and amounts of insurance.
- F. Notice of Change or Cancellation. The certificates shall provide that the policies shall not be changed or canceled during the life of this Agreement without at least thirty (30) days' advanced notice being given to Authority. Failure to give such notice to Authority shall render any such change or changes in said policy or coverages ineffective as against Authority and City.
- G. Disclaimer. Authority does not represent or guarantee that these types or limits of coverage are adequate to protect the Concessionaire's interests and liabilities. It shall be the obligation and responsibility of Concessionaire to insure, as it deems prudent, its own personal property, against damage. Authority does not have insurance coverage for Concessionaire's property and Authority expressly disclaims any and all liability for any and all losses, damage and/or claims to vehicles and/or personal possessions of Concessionaire.

SECTION 19 SURRENDER OF POSSESSION

Upon the termination of this Agreement, Concessionaire's authority to use the CSA, rights, facilities and equipment herein granted shall cease and Concessionaire shall, upon expiration or termination, promptly and in good condition, normal wear and tear excepted, surrender the same to the Authority. In the event that Concessionaire has in any way changed, altered or modified the CSA demised herein, if required by the Executive Director Concessionaire covenants to return the same to the condition they were in at the time of the occupancy under this Agreement, normal wear and tear excepted, or, in the alternative, to pay the Authority for the cost of returning them to said condition. Upon termination, any improvements which have become part of the realty shall become the property of the Authority, and the same shall be immediately returned to the ownership and control of the Authority. Any improvements not part of the realty shall be removed therefrom within ten (10) days after the termination of this Agreement or the same shall be deemed to have been abandoned to the Authority and the right of the Concessionaire to possession thereof shall cease.

SECTION 20 AUTHORITY'S RIGHTS UPON DEFAULT

- A. Rights Upon Default. If at any time Concessionaire 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 Concessionaire, re-enter into or upon the CSA under this Agreement or any part thereof and take possession of the same fully and absolutely without such re-entry representing a forfeiture of the Concession Fee, fees, and charges to be paid and of the covenants, terms and conditions to be performed by Concessionaire for the full term of this

Agreement, and in the event of such re-entry, the Authority may proceed with the collection of Concession Fee, 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 CSA, and the Concessionaire 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 shall be deemed cumulative.

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

1. If the Concessionaire has failed to pay the Concession Fee, or any other fees or taxes when due hereunder and such failure to pay shall continue for fifteen (15) days after written notice to Concessionaire in the manner hereinafter provided.
2. Failure to provide and/or maintain the insurance coverages required herein.
3. If the Concessionaire fails in the observance or performance of any of the other terms, covenants and conditions of this Agreement and such failure shall continue for fifteen (15) days after Authority has given Concessionaire written notice, or the Concessionaire shall have failed to commence the corrective action of such failure within fifteen (15) days after such notice and to diligently prosecute the same where the same cannot be completed within fifteen (15) days.
4. If a petition to reorganize the Concessionaire or for its arrangement of its unsecured debts shall be filed.
5. If the Concessionaire shall be adjudicated bankrupt.
6. If a receiver or trustee of the Concessionaire's property shall be appointed by any court.
7. If the Concessionaire shall make a general assignment for the benefit of creditors.
8. If all of the interest of the Concessionaire in its property shall be taken by garnishment, attachment, execution or other process of law.
9. If the CSA 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 fees or taxes due or to become due hereunder or any portion thereof, or to take possession of the CSA, or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement, Concessionaire agrees to pay Authority such sums as a court may adjudge reasonable as attorneys' fees and costs to be allowed in such action, suit or proceeding.

- D. Non-Waiver. No waiver or default by Authority of any of the terms, covenants or conditions hereof to be performed, kept and observed by Concessionaire shall be construed to be or act as a waiver of any subsequent default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by Concessionaire.

SECTION 21 CONCESSIONAIRE'S TERMINATION RIGHTS

Concessionaire shall have the right upon written notice to the Authority to terminate this Agreement upon the happening of one or more of the following events, if said event or events are then continuing:

- A. The issuance by any court of competent jurisdiction of an injunction, order or decree: (1) preventing or restraining the use by Concessionaire of all or any substantial part of the CSA used and occupied by Concessionaire hereunder, or (2) preventing or restraining the use of all or a part of the Airport for normal airport purposes which may be used by Concessionaire and which is necessary for its operations on the Airport, or (3) preventing Concessionaire from its Concessions operation and which injunction, order or decree remains in force for a period of at least ninety (90) days.
- B. If all or a material part of the CSA used and occupied by Concessionaire hereunder is damaged or destroyed or all or a part of the Airport or Airport facilities which are necessary to the operation of Concessionaire's business are damaged or destroyed or the use thereof disrupted for causes beyond Concessionaire's control.
- C. If, by reason of any action of any governmental authority, Concessionaire is unable to conduct its business for a period of in excess of ninety (90) consecutive days in substantially the same manner or substantially to the same extent as prior to such action.
- D. Permanent abandonment of Airport for scheduled airline service.

SECTION 22 ASSIGNMENTS

Concessionaire shall not assign or transfer this Agreement, in whole or in part, in any manner, nor any interest therein, nor permit the foregoing Agreement to become transferred by operation of law or otherwise, nor do or suffer any acts to be done whereby the same may be or become assigned in whole or in part, unless the written consent of Authority shall first be obtained in each and every case of subletting, assignment or transfer. It is expressly agreed by the parties that a change in ownership of the controlling share of stock in Concessionaire, if any, shall be deemed to be an assignment hereunder. It is expressly agreed by the Concessionaire that in the event permission be granted by the Authority as herein provided, the assignee shall be required to assume and agree to perform the covenants of this Agreement and that notwithstanding any such assignment, the Concessionaire shall be and remain liable for the payments of all Concession Fee, fees and charges and other payments due hereunder and the performance of all covenants and conditions for the full term of this Agreement.

SECTION 23 SUBORDINATION

This Agreement shall be subordinate to the provisions of any existing or future Agreement between the Authority and the United States of America or the State of Minnesota relative to the operation or

maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal or State funds for the development of the Airport, or to any security requirements of State or Federal Government, including temporary security procedures or instructions.

SECTION 24 MODIFICATION

Any of the terms of this Agreement may be changed upon the mutual consent of the Authority and the Concessionaire, but to be valid any such changes must be in writing, dated, and must be executed with the same formalities as this Agreement. In the event that any provision of this Agreement is determined to violate any local, state, or federal rule or regulation or is deemed to cause a violation of any rate covenants, the Agreement shall be modified upon consultation with Concessionaire 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 25 NOTICES

Any notice provided for in this Agreement or otherwise to the Authority shall be sufficient if sent by regular U.S. mail, postage prepaid, addressed to:

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

Any notice to the Concessionaire hereunder shall be to:

Oakwells Commuter Rail LLC
Michael J. Reilly, President
1035 S. Semoran Blvd
Suite 1011
Winter Park, FL 32792

With Copies to:

Eric Dratler, Esq
Tabner, Ryan and Keniry LLP
18 Corporate Woods Blvd ste 8
Albany, NY 12211

SECTION 26 APPLICABLE LAW

This Agreement, together with all of its sections, terms and provision, is made in the State of Minnesota and shall be construed and interpreted according to the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota. However, litigation in the federal courts involving the parties shall be in the appropriate federal court within the State of Minnesota. The parties to this Agreement waive any objections to the jurisdiction of these courts, whether based on convenience or otherwise.

SECTION 27 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 28 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 29 AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE (ACDBE) COMPLIANCE

- A. The Authority has established an Airport Concession Disadvantaged Business Enterprise (ACDBE) program in accordance with the regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 23. The Concessionaire is required to participate in the Authority's ACDBE program.
- B. This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, Title 49 CFR Part 23. The Concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by Title 49 CFR Part 23.
- C. The Concessionaire agrees to include the statement set forth in paragraph B in any subsequent concession agreement or contract covered by Title 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.
- D. The Authority has available several remedies to enforce the ACDBE requirements contained in its contracts, including, but not limited to, the following:
 - 1. Breach of contract action, pursuant to the terms of this contract;
 - 2. Breach of contract action, pursuant to applicable State Statutes
- E. The federal government has available several enforcement mechanisms that it may apply to firms participating in the ACDBE problem, including, but not limited to, the following:
 - 1. Suspension or debarment proceedings pursuant to 49 CFR part 23;
 - 2. Enforcement action pursuant to 49 CFR part 31; and
 - 3. Prosecution pursuant to 18 USC 1001.
- F. The Authority will comply with all regulations set forth in 49 CFR Part 23 and will monitor concessionaires at the Airport for compliance with the ACDBE program.
- G. The Authority will submit to the Federal Aviation Administration's, Regional Civil Rights Office, an annual ACDBE participation report showing the commitments and attainments.

The Authority will take measures to ensure nondiscriminatory participation of ACDBEs in concession, and other covered activities.

SECTION 30 COUNTERPARTS

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

SECTION 31 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.

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

DULUTH AIRPORT AUTHORITY

By _____
President

By _____
Secretary

OAKWELLS COMMUTER RAIL LLC

By _____

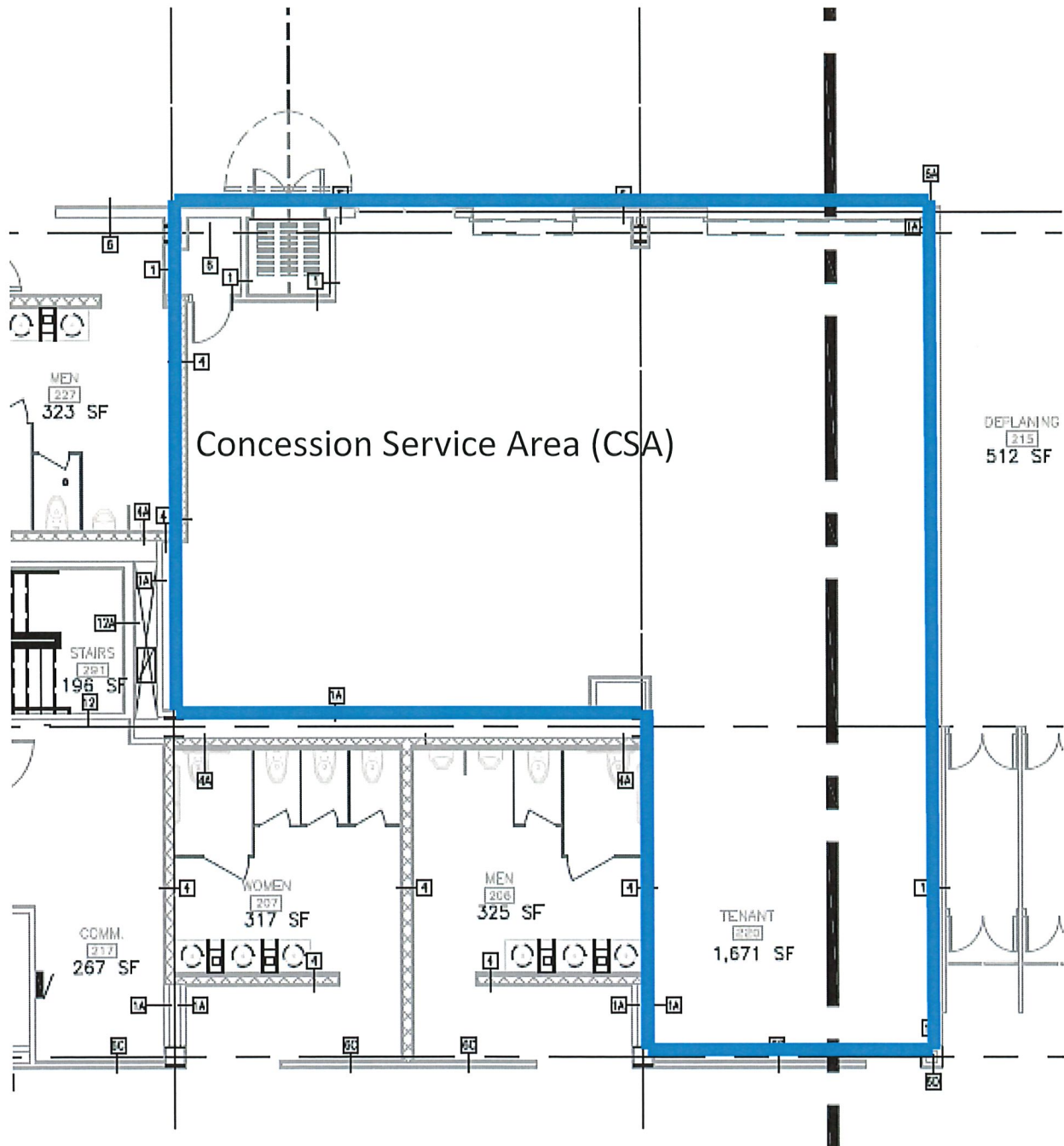
Its. _____

EXHIBIT A

CONCESSION SERVICE AREA

Gates & Passenger Gathering Area

Gates & Passenger Gathering Area



2nd Floor of Terminal

EXHIBIT B

Authority Provided Equipment within CSA

1 Back Bar (1)	40 S/ST Drink Rail
2 Back Bar (2)	41 Serving Counter (1)
3 Back Bar Refrigerator	42 Serving Counter (2)
4 Bakery Display Case	43 SODA Gun Tubing Chase
5 Bar Top	44 Speed Rail
6 Beer Refrigerator	45 Stainless Steel Wall Panel
7 Beer System	46 Storage Cabinet
8 Beer Tower	47 Undercounter Refrigerator
9 Condensing Unit (1)	48 Utility Shelf
10 Condensing Unit (1)	49 Wall Shelf (1)
11 Condiment Counter	50 Wall Shelf (2)
12 Dipper Well and Faucet	51 Wall Shelf (3)
13 Disposer w/Spray Rinse	52 Wall Shelf (4)
14 Drainboard	53 Water Filter
15 Dry Storage Shelving	54 Work counter
16 Dump Sink w/Waste	55 Work counter w/ Sink and Hand Sink
17 Exhaust Hood	
18 Fire Protection System	
19 Freezer	
20 Gift Shop Display	
21 Glass Washer	
22 Half Size Convection Oven	
23 Hand Sink (1)	
24 Hand Sink (2)	
25 Ice Bin	
26 Ice Bin w/Insulated Bottle Wells	
27 Ice Maker	
28 Ice Maker Under Counter	
29 Keg Shelving	
30 Liquor Display	
31 Mop Sink	
32 P.O.S. Cabinet	
33 Pot & Pan Sink	
34 Prep Counter w/Sinks	
35 Reach In Refrigerator	
36 Refrigeration System Coil (1)	
37 Refrigeration System Coil (2)	
38 Refrigerator/Freezer Shelving (1)	
39 Refrigerator/Freezer Shelving (2)	

EXHIBIT C

Concessionaire Provided Equipment within CSA

- 1 4-Burner Range w/Stand
- 2 Airpot Brewer
- 3 Conveyor Toaster
- 4 Espresso Grinder
- 5 Espresso Machine
- 6 Microwave Oven
- 7 Mobile Equipment Stand
- 8 POS System
- 9 Refrigerated Prep Table
- 10 Sandwich Grill
- 11 Trash Bin
- 12 Work counter

EXHIBIT D

STAPLE ITEMS

- Newspapers and magazines.
- Health and beauty aids, including but not limited to, travel sizes of the following items: toothpaste, toothbrushes, deodorant, shampoo, manicure supplies, disposable razors, combs, band-aids and body lotion.
- Convenience items, including but not limited to, hosiery (basic selection of socks and pantyhose), travel umbrellas, sewing kits, diapers and wipes, luggage tags and locks, and tissues.
- Over the counter medicines and remedies, including, but not limited to travel sizes of the following: first aid items, aspirin, ibuprofen/acetaminophen items (Tylenol, Motrin, etc.), sleeping aids, lip balm, antacids, travel sickness remedy, sun and sunburn lotions, cold remedies, and cough medicine.
- Office supplies, including but not limited to, pads of paper, pocket notebooks, pens, pencils, and batteries.
- Single-serving sizes of candy, cookies, crackers, and nuts/fruit and nut mix.
- Bottled water.
- Brand greeting cards and postcards.
- Disposable cameras and film.
- Local area travel guides and maps.

**This list is not meant to be all-inclusive. Concessionaire will consult with Executive Director on additions and/or deletions.

~~VII~~ D

Duluth Airport Authority
Beier Properties (Gordy's)
Land Lease Agreement

Terms:

- 25-year Base Term
- Two additional 5 year Option Terms

Background:

- The owner of Gordy's Plaza is looking to sell his property and during that planning it was discovered that they had encroached on Airport owned property. The north side of Gordy's parking lot and a storage shed are located on Airport property.
- This lease will then be assigned to the new owner once sold

Agreement Overview:

- Standard land lease language comparable to other DAA land leases
- \$2,496 per year
- Includes annual CPI rate escalator

Why were the changes in key terms needed/wanted?

- There was not an agreement in place

**DULUTH AIRPORT AUTHORITY
LAND LEASE AGREEMENT
BEIER PROPERTIES, LLC**

PARTIES TO THIS AGREEMENT ARE the DULUTH AIRPORT AUTHORITY, the governmental authority organized and existing under the Laws of Minnesota, 1969, Chapter 577, hereafter referred to as "Authority", and Beier Properties, LLC (a Minnesota Limited Liability Corporation) hereinafter referred to as "Lessee".

THE PARTIES ACKNOWLEDGE THE FOLLOWING:

1. The Authority is the operator of the Duluth International Airport, located in the City of Duluth, State of Minnesota and is in the business of promoting and managing aviation activity at the Airport; and
2. Lessee desires to lease and maintain for its own use a parking lot and storage area located on Authority land at said Airport; and
3. Authority rents land to Beier Enterprises, LLC for its use as a parking lot and storage area, and
4. Lessee wishes to lease the parking lot and storage area.

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

**SECTION 1
DEFINITIONS**

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

- A. Airport: shall mean the Duluth International Airport located in the City of Duluth, County of St. Louis, State of Minnesota.
- B. Consent or Approval of Authority and of Executive Director: where this Agreement calls for the consent or approval of the Authority, the same shall be in the form of a resolution approved by the Authority as provided by law; where the consent or approval of the Executive Director is required, the same shall be evidenced by a written document dated and signed by him or her or by a person designated by him to sign such document.
- C. Leased Premises: shall refer to the parking lot and storage area leased to Lessee for its exclusive use as further described in Section 2 of this lease.
- D. Leasehold Improvements: shall refer collectively to all paved surface and storage area located on and within the Leased Premises provided by the Lessee.

**SECTION 2
THE LEASED PREMISES**

Subject to the terms and conditions set forth herein, the Authority grants to Lessee use of forty-nine thousand nine hundred and twenty (49,920) square feet of land for parking lot use and equipment storage as shown on the attached Exhibit A, (the "Leased Premises") for the use and term set forth below.

**SECTION 3
USE OF FACILITIES**

The Authority agrees to allow Lessee the use of the Leased Premises for the sole purpose of parking lot and equipment storage. No other use of the Leased Premises shall be made other than as set forth above.

In the event that Lessee desires to operate a service not specifically heretofore set forth, it shall make a timely request of the Executive Director, which the Director shall promptly consider. The parties agree to negotiate with respect to such additional activities by Lessee and the Authority agrees not to unreasonably withhold its permission and consent for such additional uses. All operations contained in this agreement must comply with the DAA Minimum Standards.

SECTION 4 TERM

The term of this Agreement shall commence on March 1, 2021 and shall continue for twenty-five years (25) until April 30, 2046 unless terminated earlier as provided for herein. The parties reserve the right to exercise two (2) additional five (5) year Option Terms beyond the Base Term provided that the lease must not be in default at the time the Option Term is exercised, any improvements on the Leased Premises must be structurally sound and capable of safe and legal occupancy for the entire duration of the Option Term. Authority may request inspection of City of Duluth Building Inspector at cost of Lessee. Lessee shall provide written request to exercise the Option Term to the Executive Director. Lessee shall include in the request a statement certifying that Lessee is in compliance with the provisions in this section. The Option Term shall be under the same terms and conditions as set forth herein.

SECTION 5 RENT AND OTHER CHARGES

As consideration to the Authority under this Agreement, beginning on the commencement date and in advance on the first day of each month thereafter during the term of this Agreement, Lessee agrees to pay to the Authority rent in the amount of five cents (\$0.05) per square foot which equals two thousand four hundred ninety-six dollars (\$2,496.00) per year due and payable annually on or before March 1st, 2021.

On March 1st of each subsequent year during the term of this Agreement, or any extension, renewal or holding over thereof, the annual rent shall increase to the amount calculated by multiplying the previous year's rent by the rate of increase, if any, of the most recent Consumer Price Index, U.S. City Average, published by the U.S. Bureau of Labor Statistics for the preceding twelve month period.

Lessee shall be liable for the payment of all taxes, assessments, license fees or other charges that may be levied or assessed during the Term of this Agreement arising in any manner out of this Agreement, or on account of the transaction of business thereon by Lessee, charged by any governmental agency and to provide evidence of payment of any of such taxes, assessments, license fees or other charges when the same become due. Should Lessee fail to pay any such taxes, assessments, fees or charges, the Authority may pay the same, together with any cost or penalty which may be accrued thereon, and collect the entire amount so paid from Lessee, and Lessee hereby agrees to pay such entire amount due to the Authority plus a fifteen percent (15%) administrative fee upon demand therefor.

SECTION 6 MAINTENANCE

The Authority makes no representation that the Leased Premises is suitable for specific uses, and Lessee accepts the Leased Premises in an "as is" condition without representations or warranties of any kind. The Authority shall not be obligated to make any alterations or improvements on or to the Leased Premises. Lessee agrees to keep the Leased Premises in a

clean, neat, and orderly condition and in compliance with all laws and codes applicable to the Leased Premises. In the event that Lessee shall fail to so maintain any portion of the said Leased Premises, Authority shall have the right, but not the obligation, to itself perform or have performed said maintenance and to charge Lessee therefor, which charge Lessee shall be obliged to promptly pay. Lessee is responsible to perform all maintenance on its own personal property including the parking lot.

SECTION 7 CONSTRUCTION

- A. In the event that Lessee wishes to make any Leasehold Improvements on Leased Premises, it shall present its request to the Executive Director in writing together with design development or construction drawings showing all details of said Leasehold Improvement. No Leasehold Improvement shall be made in the Leased Premises without the prior written approval of the Executive Director and then only in conformance with the approved plans and this Section.
- B. All work done by Lessee, or under its direction, shall conform to all applicable regulations, building codes and health standards, as well as the following requirements:
 - 1. All construction shall meet the requirement of Type I (fire resistant) construction as set forth in the Minnesota State Building Code (current edition) and the building standards for the Airport.
 - 2. Complete contract drawings and specifications on all work, including alterations, additions, or replacements, must be submitted to and receive prior written approval of the Executive Director.
 - 3. All work must be done in the time and manner approved by the Executive Director and coordinated with the Executive Director. Lessee shall comply with the indemnity and insurance and bond requirements of this Agreement.
 - 4. An authorized representative of Lessee shall be available at all reasonable times at the site to coordinate the work of the Leasehold Improvements.
- C. Construction Bonds and Insurance
 - 1. Bonds: During the term of this Agreement, when any Leasehold Improvements are constructed, installed or renovated, Lessee shall procure and furnish to the Executive Director a bond or bonds written by a company or companies authorized to write such bonds in the State of Minnesota and who are acceptable to the Executive Director, in an amount not less than the cost of such construction, installation or renovation, for the use of obligee, Lessee and the Authority and all persons doing work or furnishing skills, tools, machinery, materials, insurance premiums, equipment or supplies incident to such construction, installation or renovation, such bond or bonds to be conditioned for payment of claims as required and in full compliance with Minnesota Statutes Section 574.26. Further, during the term of this Agreement, for any construction, installation or renovation of Leasehold Improvements, and before the commencement of work thereon, Lessee shall furnish to Authority performance bonds, written by similarly qualified companies, covering all work to be performed thereunder guaranteeing the performance of all such work.
 - 2. Public Liability and Property Insurance: Before commencing any Leasehold Improvement on the Leased Premises, Lessee shall itself or shall require all contractors and subcontractors to procure and maintain insurance during the life of such contracts, protecting both the Authority, the City of Duluth and the Lessee as follows:
 - a. Workers' Compensation Insurance.
 - b. Contractors Comprehensive Public Liability and Property Damage Insurance.

- c. Contractors Automobile Liability and Property Damage Insurance, including automobile and non-ownership and hired cars.
- d. Owners Protective Public Liability and Protective Property Damage Insurance.
- e. Builders Risk Insurance (fire, extended coverage, vandalism, and malicious mischief, including sprinkler leakage).

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

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

SECTION 8 AUTHORITY ACCESS

The Authority expressly reserves the right to the unlimited access to the Leased Premises for authorized personnel during the time that this Agreement is in force for the purpose of inspection, display or showing, and ensuring that the provisions of this Agreement are complied with by Lessee.

SECTION 9 AUTHORITY 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. 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 10 INDEPENDENT CONTRACTOR

It is agreed that nothing herein contained is intended or should be construed in any manner as creating or establishing a relationship of co-partners between the parties hereto or of constituting Lessee or any of its officers, agents, servants, volunteers, contractors and employees as an officer, agent, servant, volunteer, contractor, representative or employee of the Authority for any purpose or in any manner whatsoever. Lessee's officers, agents, servants, volunteers, contractors and employees shall not be considered employees of the Authority, and any and all claims which may or might arise under the Workers' Compensation Act of the State of Minnesota on behalf of said officers, agents, servants, volunteers, contractors and employees while engaged in performing any work under this Agreement, and any and all claims whatsoever on behalf of

said officers, agents, servants, volunteers, contractors and employees arising out of employment, including, without limitation, claims of discrimination, shall in no way be the responsibility of the Authority. Lessee's officers, agents, servants, volunteers, contractors, and employees shall not be entitled to any compensation or right or benefits of any kind whatsoever for leave or vacation pay, Workers' Compensation, Unemployment Insurance, disability pay, or severance pay.

SECTION 11 INDEMNITY, INSURANCE AND WAIVER OF CLAIMS

- A. Defense and Indemnity: Lessee shall indemnify, save, hold harmless, and defend Authority and the City of Duluth (the "City"), their officials, agents and employees, successors and assigns, individually or collectively, (1) from and against any and all claims including a claim for contribution or indemnity, demands, causes of action, loss, injury, liability, costs and expenses of whatsoever kind or nature (including but not limited to reasonable attorneys' fees, disbursements, court costs, and expert fees) and damages for or related to injury to or death of persons or damage to property, and (2) from and against any fines in any way arising from or based upon the violation by Lessee, its agents, employees, successors and assigns of any federal, state, or municipal laws, statutes, resolutions, or regulations, including rules or regulations of the Authority now in effect or hereafter promulgated; all arising out of, resulting from, in conjunction with or incident to any act or omission of Lessee, its officials, agents or employees, successors or assigns, Lessee performance of obligations under this Agreement, or the use and/or occupancy of the Leased Premises or of the Airport by Lessee, its officials, agents or employees, or successors or assigns, and on ten (10) days' written notice from the Authority, the Lessee shall appear and defend all claims and lawsuits against the Authority and/or the City growing out of any such injury or damage.
- B. Environmental Liability: In addition to the general indemnity stated above, and as part of it, it is specifically agreed between the parties that Lessee shall be responsible in all respects for the use of or generation of or release or threatened release of any petroleum based substance or product, or any volatile organic compound, or any substance classified as a pollutant, contaminant, toxic substance, solid waste or a "hazardous waste" by either the Environmental Protection Agency of the Government of the United States or the Minnesota Pollution Control Agency by Lessee, its officials, agents or employees, successors or assigns. Lessee shall specifically be responsible for the disposition of all such waste or substances and for the environmental response activities and costs, monitoring, or cleanup of any environmental condition deemed by those agencies or either of them to require environmental response, monitoring or cleanup activities of any kind which arises directly or indirectly out of the use of or generation of such substances by Lessee, its officials, agents or employee, successors or assigns in its operations at the Airport; and Lessee specifically agrees that the obligations of Paragraph A above shall apply specifically to any costs or obligations of Authority arising out of any such disposition, cleanup, or environmental response.
- C. Survival: The provisions of paragraphs A and B above shall survive the expiration, termination, and early cancellation of this agreement.
- D. Insurance: Lessee shall carry and maintain in full force and effect during the term of this Agreement the minimum amounts of insurance set forth below. The Lessee shall carry workers' compensation insurance on all of its employees employed on the Airport. Lessee may request the Authority to approve alternative types of insurance providing at least equal protection. All such insurance shall be in at least the following amounts and shall be in a form acceptable to the Authority and approved by the City Attorney, shall name

the Authority and the City of Duluth as additional insureds on each liability policy and shall provide for thirty (30) days' written notice to the Authority of any cancellation or modification thereof. Certified copies thereof or appropriate certificates of insurance evidencing the existence thereof shall be delivered to the Authority prior to the execution of this agreement. The Authority reserves the right and Lessee agrees to revisions upward or downward in the minimum insurance requirements hereinafter set forth. All insurance required under this Agreement shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota. All insurance policies required below shall be primary and shall not require contribution from any coverage maintained by the Authority and/or the City.

1. Commercial general liability insurance, including contractual, completed operations, premises and operations and products liability coverage in an amount of not less than \$1,500,000 combined single limit or \$1,500,000 bodily injury per occurrence; \$1,500,000 property damage per occurrence and \$1,500,000 in aggregate.
2. Owned, non-owned and hired vehicles in an amount not less than \$1,500,000 combined single limit or \$1,500,000 bodily injury per occurrence; \$1,500,000 per occurrence.
3. Worker's Compensation insurance in accordance with the laws of the State of Minnesota.

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

B. Insurance Not Limitation: It is understood that the specified amounts of insurance stated in this paragraph shall in no way limit the liability of Lessee under this Section.

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

E. Waiver of Claims: Lessee waives all claims or causes of action against the Authority, its officers, agents or employees for any failure of the Authority to properly maintain, operate and manage the Airport at all times in a safe manner resulting from any reason or cause beyond the control of the Authority, including, but without the generality of the foregoing: war, strikes, riots, civil commotion and similar causes.

SECTION 12

LAWS, ORDINANCES, RULES AND NON-DISCRIMINATION

A. Laws, Ordinances and Rules: The Lessee agrees to observe and comply with all the laws, ordinances, rules and regulations of the United States of America, State of Minnesota, the City of Duluth, and their respective agencies now in effect or hereinafter promulgated which are applicable to its business at the Airport including all laws relating to unlawful discrimination, and further agrees to observe and comply with all Airport rules and regulations in existence at the execution of this agreement and which may, from time to time, be promulgated by the Authority governing conduct on and operations at the Airport and the use of its facilities, as administered by the Executive Director. Further, Lessee agrees to fulfill its responsibilities pursuant to the Airport Security Plan approved by the Federal Aviation Administration and any amendments thereto.

- B. Non-discrimination: The Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant with the land that:
- a. No person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination in the use of said facilities; and
 - b. In the construction of any improvement on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and
 - c. That the Lessee shall use the premises in compliance with all of the requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

SECTION 13 TERMINATION

- A. The following shall be deemed to be general events of default by Lessee to which the remedies set forth in subparagraph 2 below shall apply.
- a. If Lessee fails to pay rent, fees, taxes, or other charges when due hereunder and such failure to pay shall continue for thirty (30) days after notice in writing in the manner hereinafter provided for, or
 - b. If Lessee fails in the observance or performance of any of the other terms, covenants and conditions of this Agreement and such failure shall continue for thirty (30) days after Authority has given Lessee written notice, or Lessee shall have failed to commence the rectification of such failure within ten (10) days after such notice and to diligently prosecute the same where the same cannot be completed within thirty (30) days, or
 - c. If a petition to reorganize Lessee or for its arrangement of its unsecured debts shall be filed, or
 - d. If Lessee shall be adjudicated bankrupt, or
 - e. If a receiver or trustee of Lessee's property shall be appointed by any court, or
 - f. If Lessee shall make a general assignment for the benefit of creditors, or
 - g. If all of the interest of Lessee in its property shall be taken by garnishment, attachment, execution, or other process of law, or
 - h. If the Leased Premises shall be deserted or vacated.
- B. Authority shall have the following remedies in the event of a default by Lessee:
- a. Terminate this Agreement and, at its discretion, retake the Leased Premises from Lessee, subject to rights conferred on Authority by applicable State Statute.
 - b. Seek and be entitled to monetary damages, including consequential damages incurred by Authority as a result of Lessee's default.
 - c. Seek and be entitled to injunctive or declaratory relief as is necessary to prevent Lessee's violation of the terms and conditions of this Agreement or to compel Lessee's performance for its obligations hereunder.
 - d. Seek such other legal or equitable relief as a court of competent jurisdiction may determine is available to Authority.
- C. Except as specifically set forth herein, the remedies provided under this Agreement shall be deemed to be cumulative and non-exclusive and the election of one remedy shall not be deemed to be the waiver of any other remedy with regard to any occasion of default hereunder.

SECTION 14 END OF TERM

At the expiration of this Lease, the Authority reserves the option of receiving ownership of all leasehold improvements constructed on the property during the term of the Lease. Alternatively, the Authority has the option of requiring the Lessee to remove any and/or all improvements at the Lessee's cost. No Lessee shall have the right to an extension of a Lease beyond the initial, option and/or renewal terms prescribed explicitly therein.

The Authority may offer a new lease to the existing Lessee if the Authority determines in its sole discretion that new lease is in the Authority's best interest. The length of Term of any new Lease will be determined at the time of the Lease Expiration, based primarily on the Airport's current and future development and business plans.

SECTION 15 ASSIGNMENTS AND SUBLEASES

Lessee shall not assign or transfer this Agreement, in whole or in part, in any manner, nor any interest therein, nor permit the foregoing Agreement to become transferred by operation of law or otherwise, nor do or suffer any acts to be done whereby the same may be or become assigned in whole or in part, unless the written consent of Executive Director shall first be obtained in each and every case of subletting, assignment or transfer as shall from time to time occur or be desired. It is expressly agreed by the parties that a change in ownership of the controlling share of stock in Lessee, if any, shall be deemed to be an assignment hereunder. It is expressly agreed by the Lessee that in the event permission be granted by the Executive Director as herein provided, the sub-operator or assignee shall be required to assume and agree to perform the covenants of this Agreement and that notwithstanding any such subletting or assignment, the Lessee shall be and remain liable for the payments of all rents and the performance of all covenants and conditions for the full term of this Agreement.

SECTION 16 NOTICES

Any notice to be given by either party shall be deemed to be properly served if deposited with the United States Postal Service, or other acceptable mailing service, postage prepaid, addressed to the other party as follows:

To Authority: Duluth Airport Authority
Duluth International Airport
4701 Grinden Drive
Duluth, MN 55811
Attn: Executive Director

To Lessee: Beier Properties, LLC
Gordon and Tammi Beier
4899 Miller Trunk Highway
Hermantown, MN 55811

SECTION 17 CHOICE OF LAW

All questions concerning the interpretation or application of provisions of this Agreement shall be decided according to the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota.

SECTION 18
NO THIRD-PARTY CLAIMS

This Agreement is to be construed and understood solely as an Agreement between the Authority and Lessee and shall not be deemed to create any rights in any other person. No person shall have the right to make claim that she or he is a third-party beneficiary of this Agreement or of any of the terms and conditions hereof, which, as between the Authority and Lessee, may be waived at any time by mutual agreement between the Authority and Lessee.

SECTION 19
WAIVER OF BREACH

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

SECTION 20
PROVISIONS AGAINST LIENS

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

SECTION 21
LIMITATION OF LIABILITY

The liability of the Authority and the City shall be governed by the provisions of the Minnesota Municipal Limitation of Liability Statute, Minnesota Statutes, Section 466 et. seq.

SECTION 22
SUBORDINATION

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

SECTION 23
AMENDMENTS

Any amendments to this Lease Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

SECTION 24
ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between parties and supersedes all prior written and oral agreements and negotiations between the parties relating to the subject matter.

SECTION 25
COUNTERPARTS

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

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

DULUTH AIRPORT AUTHORITY

BEIER PROPERTIES, LLC

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

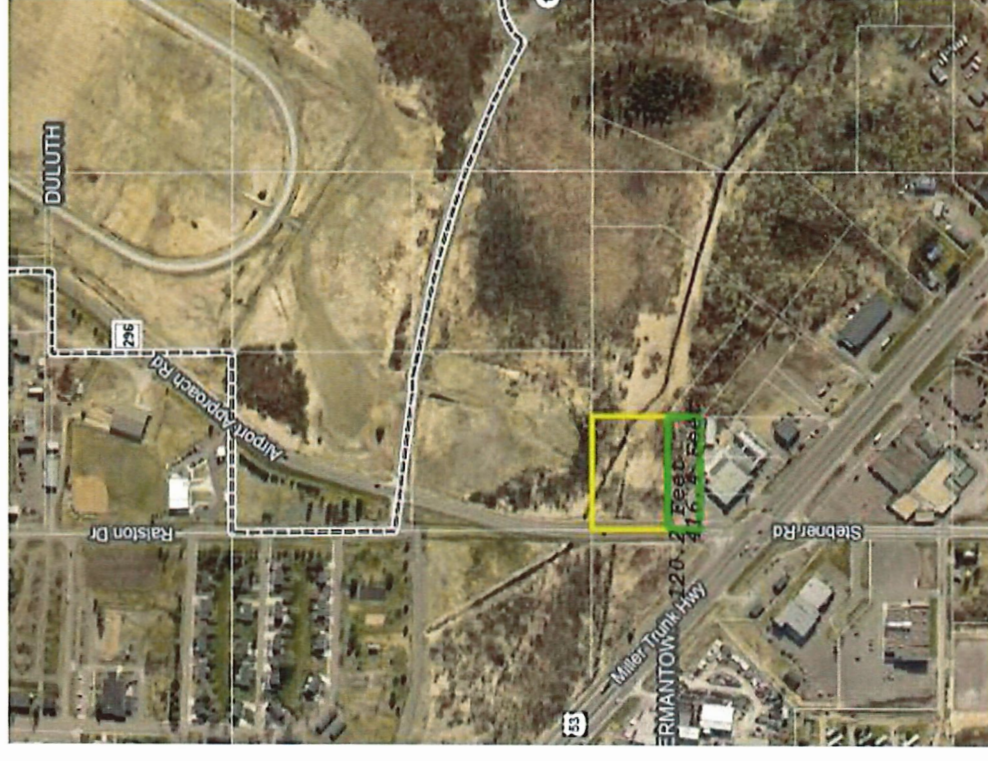
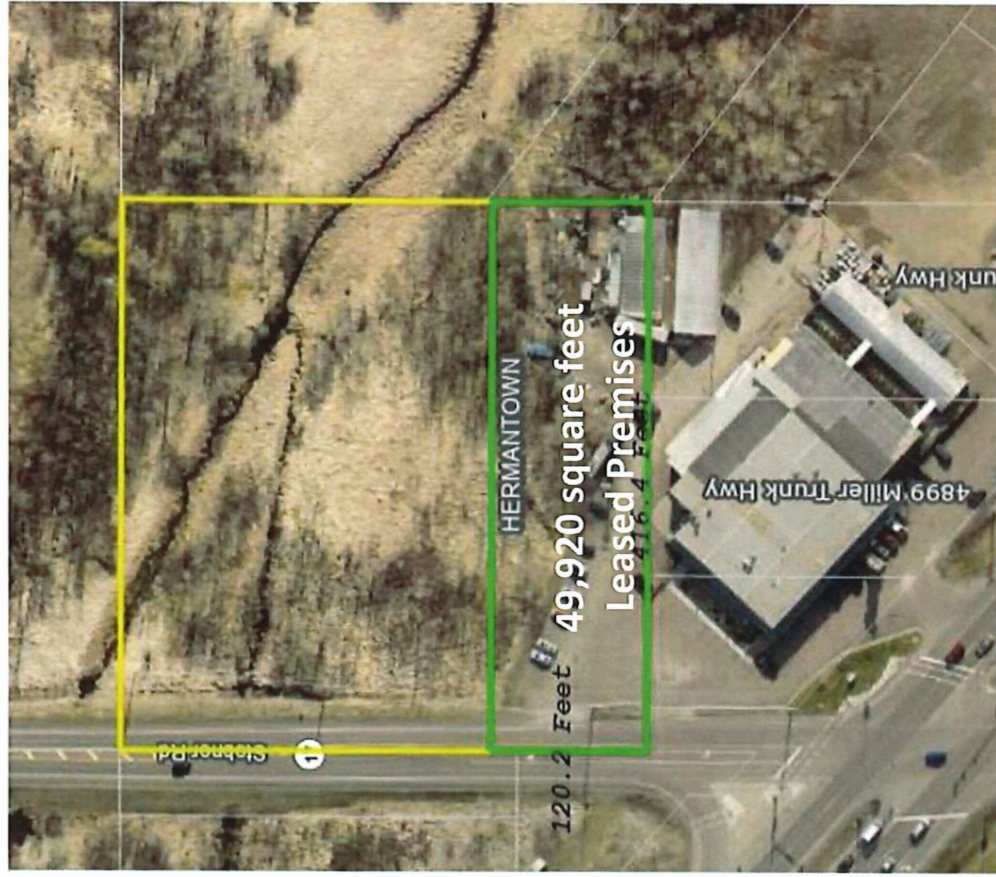
Signature: _____

Name: _____

Title: _____

Date: _____

Exhibit A





Duluth Airport Authority
Sky Harbor
Lake Country Air Operator Agreement

Terms:

- 5-year term
- Either party may terminate agreement upon ninety (90) days' written notice to the other party
- Includes month to month provision upon expiration cancellable with 15 days' notice

Background:

- Lake Country Air operates Beaver Air Tours at Sky Harbor
- Lake Country Air is expanding their business and agreement modifications were needed to accommodate new operations

Agreement Overview:

- This agreement includes updated language we have included in our more recent agreements and removes old outdated terms
- Charter operations, float plane instruction and space rental within their hangar are new services Lake Country Air will offer at Sky Harbor
- Concession rates remained unchanged as they are consistent with other operating agreements

Why were the changes in key terms needed/wanted?

- Previous agreement was set to expire
- New operations needed to be memorialized in the agreement

OPERATOR AGREEMENT
Between
LAKE COUNTRY AIR, LLC
And
DULUTH AIRPORT AUTHORITY

PARTIES TO THIS AGREEMENT ARE the DULUTH AIRPORT AUTHORITY, an airport authority organized and existing under the Laws of Minnesota, 1969, Chapter 577, hereinafter referred to as "Authority", and Lake Country Air, LLC hereinafter referred to as "Operator";

THE PARTIES ACKNOWLEDGE THE FOLLOWING:

1. The Authority is the operator of the Duluth International Airport and the Sky Harbor Airport, located in the City of Duluth, State of Minnesota and is in the business of promoting and managing aviation activity at these airports; and
2. Operator desires to offer the following service at the Sky Harbor Airport to the public:
 - a Part 91 float plane aerial tours with in 25 miles of Sky Harbor Airport
 - b Part 135 on demand chartered flights
 - c Single engine seaplane training and ratings
 - d Multi engine seaplane training and ratings
 - e Lease owned hangar space rental/storage
 - f The sale of Lake Country Air apparel and other ancillary items in conjunction with operation
3. The Authority desires to allow this service to be provided at Sky Harbor Airport.

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

SECTION 1
DEFINITIONS

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

- A. Airport: shall mean the Sky Harbor Airport located in the City of Duluth, County of St. Louis, State of Minnesota.
- B. Consent or Approval of Authority and of Executive Director: where this Agreement calls for the consent or approval of the Authority, the same shall be in the form of a resolution approved by the Authority as provided by law; where the consent or approval of the Executive Director is required, the same shall be evidenced by a written document dated and signed by him/her or by a person designated by him/her to sign such document.
- C. Executive Director: shall mean the Executive Director of the Authority, or designee
- D. Licensed Premises: shall refer to space located at Sky Harbor Airport and described in Section 2.
- E. Leasehold Improvements: shall refer collectively to all items located on and within the Licensed Premises provided or purchased by Operator, including such items as decorations, partitions, wiring, lighting and plumbing fixtures, piping, finished ceilings, ventilation duct work, grills, floor and walls coverings, heaters, cabinets, lockers, sinks, counters, chairs, other furniture, and signs.

SECTION 2
LICENSED PREMISES AND OPERATIONS AT THE AIRPORT

- A. Licensed Premises
Operator is granted a license to the non-exclusive use of that space at the Airport that is defined and approved by Executive Director. Operator may use the premises for the purpose of passenger pick up and drop off and for providing float plane flying instruction, aerial tours and charter operations as defined by Federal Aviation Administration to the public for a fee. Operator may, by approved signs or handbills, solicit customers on the public business areas of the Airport that are approved by the Executive Director in writing. Operator shall not engage in any other business at the Airport.
- B. Common Premises
Authority does grant to Operator and to its employees access in common with the access granted to members of the general public to all public portions of the airport, roads, dock and parking facilities.
- C. Operation
Float plane flying instruction, aerial tours and charter operations may be operated only during the days of the week and hours of the day approved in writing by the Executive Director. A ground control person shall be located at the landing site during all hours of operation. The ground control person or the pilot shall escort passengers to and from the Airport lobby to the aircraft. Passengers shall wait in the Airport lobby until escorted. Operator shall not allow any passenger to be on the runway unescorted.
- D. Flight Patterns
For aircraft flight instruction the aircraft's flight patterns shall avoid Canal Park, Park Point, the boardwalk along the harbor line and the Bayfront Park bandstand. Flight operation shall be conducted so as to minimize noise impacts over residential areas.
- E. Licenses
Operator shall ensure that the pilots and aircraft be licensed, registered and insured in accordance with the Minnesota Department of Transportation Standards (MnDOT). Operator shall comply with all applicable MnDOT and Federal Aviation Administration laws, rules, regulations and certifications.

SECTION 3
EQUIPMENT

Operator agrees to provide or cause to be provided equipment needed for its business. Authority will not be responsible for Operator's equipment. Equipment must be kept on leased premises.

SECTION 4
FEES, TAXES AND OTHER CHARGES

- A. Operator Fee: Operator agrees to pay the Authority a monthly fee of:
- a Two and one-half percent (2.5%) of gross sales and services derived from the following operations pursuant to this Agreement:
 - 1. Part 91 Float Plane aerial tours within 25 miles of Sky Harbor Airport
 - 2. Part 135 On Demand chartered flights
 - 3. Single engine seaplane training and ratings
 - 4. Multi engine seaplane training and ratings
 - b Five percent (5%) of gross sales derived from non-hangar tiedown/parking/storage fees on Operator's leased premises.
 - c Ten percent (10%) of gross sales derived from its sales of related merchandise

- B. "Gross Sales" Defined: The term "Gross Sales", for the purposes of this Agreement, shall include all monies paid or payable to the Operator for sales made and for services rendered at the Airport pursuant to this Agreement; provided, however, that any sales taxes or similar taxes imposed by law which are separately stated and paid by the consumer or customer and which are directly payable to the taxing Authority by Operator shall be excluded therefrom.
- C. Quarterly Statements: Within fifteen (15) days of the month following the end of the quarter in which Gross Sales are received, Operator shall submit to Authority a quarterly statement, showing the amount of Gross Sales for the preceding quarter and an itemization of all claimed exclusions therefrom. This duty shall survive termination of this Agreement.
- D. Payment Dates: All payments of the quarterly consideration referred to in Paragraph A, B and C above shall be due and payable within fifteen (15) days of the month following the quarter in which Gross Sales arose. All other payments required by this Agreement shall be due and payable immediately upon being billed to Operator by Authority. If Operator is delinquent for thirty (30) days or longer in paying any amounts owed to the Authority under this Agreement, Operator shall pay to the Authority a late payment charge assessed on the delinquent amount at the Authority's then-prevailing rate on delinquent accounts (the rate at the date of execution of this Agreement is one and one-half percent (1½%) per month). The late payment charge shall accrue from the date the delinquent amount was due until paid. The remedy provided by this Section is in addition to all the other remedies the Authority may have for a breach of this Agreement by Operator, and nothing in this Section shall be deemed to be a waiver by the Authority or prevent the Authority from asserting any other remedy.
- E. Utilities: No utilities will be provided by Authority as part of this Agreement.
- F. Refuse and Garbage: Operator assumes all responsibility at its sole cost for the disposal of refuse and garbage generated by its operations on the Licensed Premises during the term this Agreement.
- G. Fee for Failure to Maintain: Operator agrees to keep the Licensed Premises and the Airport in a clean, neat, orderly and sanitary condition. In the event that Operator fails to keep the Licensed Premises in a neat, clean, orderly and sanitary condition and the Executive Director has issued a written notice of such deficiency and provided a reasonable cure period as determined solely by the Executive Director, Authority may itself clean or cause to be cleaned those portions of the Licensed Premises not so kept, and Operator agrees to reimburse Authority for the direct and indirect costs incurred by Authority for the performance of said work plus a fifteen percent (15%) administrative fee, due and payable upon receipt.
- H. Fee for Repair and Replacement: Operator shall promptly repair or replace any property of the Authority lost, destroyed or damaged by its operations hereunder. If Operator fails to promptly repair or replace such property following written notice by the Executive Director of such deficiency and a reasonable cure period as determined solely by the Executive Director, Authority may repair or replace it and Operator agrees to reimburse for the direct and indirect costs incurred by Authority for such repair or replacement plus a fifteen (15%) percent administrative fee, due and payable upon receipt.
- I. Fee for Unpaid Licenses, Fees, Taxes, and Assessments: Operator shall be liable for the payment of all taxes, assessments, license fees or other charges that may be levied or assessed during the term of this Agreement arising in any manner out of this Agreement, or on account of the transaction of business thereon by Operator, charged by any governmental agency and to provide evidence of payment of any of such taxes, assessments, license fees or other charges when the same become due. Should Operator fail to pay such amounts following written notice of such deficiency and a reasonable cure period as determined solely by the Executive Director, it is expressly agreed that Authority may pay the same on behalf of Operator, and Operator agrees to reimburse Authority for said amounts paid plus a fifteen percent (15%) administrative fee due and payable upon receipt.

- J. Payment Obligations Unconditional: The obligations of Operator to pay any amounts due to Authority under this Lease Agreement in accordance with the terms hereof shall be absolute and unconditional, irrespective of any defense or rights of set off, recoupment or counterclaim which may at any time be available against Authority. Such payments shall be due without notice or demand therefore except as specifically provided for herein.
- K. Books and Records: Operator shall maintain full and accurate financial books of accounts and records conforming to sound and accepted accounting principles consistently applied from which Gross Sales can be determined. These books of accounts and records shall be kept at the Airport or at a convenient location which Operator shall designate within the City of Duluth. Any and all books and records shall be kept, maintained and preserved by the Operator throughout the course of this Agreement and for not less than six (6) years after the termination or expiration of this Agreement. The records so required to be kept and maintained shall include all federal, state and local tax returns; records of daily bank deposits of the entire receipts from transactions at the Airport; sales slips; daily dated cash register tapes; sales books; duplicate bank deposit slips, and bank statements. Until the end of the six-year period, the Authority shall have the right to inspect and audit all books and records and all other papers and files of the Operator relating to Gross Sales. Any such inspection or audit shall be conducted during regular business hours and Operator shall produce the appropriate books and records upon the request of the Authority. In the event any audit discloses that the amount of Gross Sales on any statement was understated by one percent (1%) or more of Gross Sales for any month, the Operator shall pay to the Authority the cost of its audit and investigation, plus any arrearage in fees due to the Authority under this Agreement.

SECTION 5 TERM

Notwithstanding the date of execution of this agreement, the term of this Agreement shall be for five (5) years beginning March 1, 2021 through February 28, 2026 unless sooner or later terminated as herein provided. Either party may terminate without cause upon ninety (90) days written notice.

Following the expiration of the term of this Agreement or any extension thereof as called for herein, the terms and conditions of the Agreement will be continued on a month-to-month basis until a new Agreement is reached, subject to the right of either party to terminate without cause upon fifteen (15) days' written notice to the other party.

SECTION 6 OPERATOR'S OBLIGATIONS

- A. Diligent Operation: Operator covenants and agrees that it shall be diligent in the prosecution of its business, including the activities listed in Section 2, on the Airport and do all things reasonably necessary and advisable to serve the customer adequately and fairly and to conduct its business in such a manner as will not reflect discredit upon the Authority or cause Authority loss or damages and will furnish prompt and efficient service as shall be adequate to meet the demands of the customers.
- B. Fair and Nondiscriminatory Services: Operator, in the conduct of its authorized activities on the Airport, shall furnish good, prompt and efficient service adequate to meet the demands for its services at the Airport, and shall furnish such service on a fair, equal and not unjustly discriminatory basis to all users thereof, and shall charge fair, reasonable, and not unjustly discriminatory prices for each such unit of sale or service; provided, however, that Operator

shall be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types or price reductions to volume purchasers.

C. Authority's Fire Insurance: Operator covenants that it will not do or permit to be done any act which:

1. will invalidate or be in conflict with any fire insurance policies covering the Airport or any part thereof or upon the contents of any building thereof
2. will increase the rate of any fire insurance on the Airport or any part thereof or upon the contents of any building thereof
3. in the opinion of the Authority, will constitute a hazardous condition so as to increase the risks normally attendant upon the operations contemplated by this Agreement.

If, by reason of Operator's failure 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 Operator shall, upon demand, reimburse the Authority for that part of all fire insurance premiums paid or payable by the Authority which shall have been charged because of such violation by the Operator.

D. Airport Promotion: Operator agrees to use its best efforts to actively promote the Airport and its utilization by members of the flying public. Operator shall, at all times, purchase fuel at the Airport while operating as defined herein.

SECTION 7 INDEMNITY

A. Defense and Indemnity: Operator shall indemnify, save, hold harmless, and defend Authority and the City of Duluth (the "City"), their officials, agents and employees, successors and assigns, individually or collectively, (1) from and against any and all claims including a claim for contribution or indemnity, demands, causes of action, loss, injury, liability, costs and expenses of whatsoever kind or nature (including but not limited to reasonable attorneys' fees, disbursements, court costs, and expert fees) and damages for or related to injury to or death of persons or damage to property, and (2) from and against any fines in any way arising from or based upon the violation by Lessee, its agents, employees, successors and assigns of any federal, state, or municipal laws, statutes, resolutions, or regulations, including rules or regulations of the Authority now in effect or hereafter promulgated; all arising out of, resulting from, in conjunction with or incident to any act or omission of Operator, its officials, agents or employees, successors or assigns, Operator's performance of obligations under this Agreement, or the use and/or occupancy of the Licensed Premises or of the Airport by Operator, its officials, agents or employees, or successors or assigns, and on ten (10) days' written notice from the Authority, the Operator shall appear and defend all claims and lawsuits against the Authority and/or the City growing out of any such injury or damage. The provisions of this paragraph shall survive the expiration, termination or early cancellation of this Agreement.

B. Environmental Liability: In addition to the general indemnity stated above, and as part of it, it is specifically agreed between the parties that Operator shall be responsible in all respects for the use of or generation of or release or threatened release of any petroleum based substance or product, or any volatile organic compound, or any substance classified as a pollutant, contaminant, toxic substance, solid waste or a "hazardous waste" by either the Environmental Protection Agency of the Government of the United States or the Minnesota Pollution Control Agency by Operator, its officials, agents or employees, successors or assigns. Operator shall specifically be responsible for the disposition of all such waste or substances and for the environmental response activities and costs, monitoring, or cleanup of any environmental condition deemed by those agencies or either of them to require environmental response, monitoring or cleanup activities of any kind which arises directly or

indirectly out of the use of or generation of such substances by Operator, its officials, agents or employee, successors or assigns in its operations at the Airport; and Operator specifically agrees that the obligations of Paragraph A above shall apply specifically to any costs or obligations of Authority arising out of any such disposition, cleanup, or environmental response.

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

SECTION 8 INSURANCE

- A. Insurance: Operator shall carry and maintain in full force and effect during the term of this Agreement the minimum amounts of insurance set forth below. The Operator shall carry workers' compensation insurance on all of its employees employed on the Airport. Operator may request the Authority to approve alternative types of insurance providing at least equal protection. All such insurance shall be in at least the following amounts and shall be in a form acceptable to the Authority and approved by the City Attorney, shall name the Authority and the City of Duluth as additional insureds on each liability policy and shall provide for thirty (30) days' written notice to the Authority of any cancellation or modification thereof. Certified copies thereof or appropriate certificates of insurance evidencing the existence thereof shall be delivered to the Authority prior to the execution of this agreement. The Authority reserves the right and Operator agrees to revisions upward or downward in the minimum insurance requirements hereinafter set forth. All insurance required under this Agreement shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota. All insurance policies required below shall be primary and shall not require contribution from any coverage maintained by the Authority and/or the City.
1. Commercial general liability insurance, including contractual, completed operations, premises and operations and products liability coverage in an amount of not less than \$1,500,000 combined single limit or \$1,500,000 bodily injury per occurrence; \$1,500,000 property damage per occurrence and \$1,500,000 in aggregate.
 2. Owned, non-owned and hired vehicles in an amount not less than \$1,500,000 combined single limit or \$1,500,000 bodily injury per occurrence; \$1,500,000 per occurrence.
 3. Aircraft Liability insurance from an admitted aviation insurance carrier in limits per each occurrence of not less than \$1,000,000 and Aircraft Passenger Liability insurance in limits of not less than \$100,000 for each passenger seat.
 4. Worker's Compensation insurance in accordance with the laws of the State of Minnesota.
- B. Insurance Primary. All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or City.
- C. Insurance Not Limitation: It is understood that the specified amounts of insurance stated in this paragraph shall in no way limit the liability of Operator under this Section.
- D. Disclaimer: Authority does not represent or guarantee that these types or limits of coverage are adequate to protect the Operator's interests and liabilities. It shall be the obligation and responsibility of Operator to insure, as it deems prudent, its own personal property, against damage. Authority does not have insurance coverage for Operator's property and Authority expressly disclaims any and all liability for any and all losses, damage and/or claims to vehicles and/or personal possessions of Operator.

SECTION 9 LAWS, ORDINANCES, RULES AND NON-DISCRIMINATION

- A. Laws, Ordinances and Rules: The Operator agrees to observe and comply with all the laws, ordinances, rules and regulations of the United States of America, State of Minnesota, the City of Duluth, and their respective agencies now in effect or hereinafter promulgated which are applicable to its business at the Airport including all laws relating to unlawful discrimination, and further agrees to observe and comply with all Airport rules and regulations in existence at the execution of this agreement and which may, from time to time, be promulgated by the Authority governing conduct on and operations at the Airport and the use of its facilities, as administered by the Executive Director. Further, Operator agrees to fulfill its responsibilities pursuant to the Airport Security Plan approved by the Federal Aviation Administration and any amendments thereto.
- B. Non-discrimination: The Operator for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant with the land that:
1. No person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination in the use of said facilities; and
 2. In the construction of any improvement on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and
 3. That the Operator shall use the premises in compliance with all of the requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended; and
 4. That all activities to be conducted pursuant to this Agreement shall be conducted in accordance with the Minnesota Human Rights Act of 1974, as amended (Chapter 363), Title 7 of the U.S. Code and any regulations and executive orders which may be affected with regard thereto.

SECTION 10 INDEPENDENT CONTRACTOR

Operator is an independent contractor and not an employee of the Authority or the City. Operator shall not be considered an employee of the DAA or City, and any and all claims that may or might arise under the Workers' Compensation Act of the State of Minnesota on behalf of Operator while so engaged and any and all claims whatsoever on behalf of Operator arising out of employment or alleged employment, including without limitation, claims of discrimination against the DAA or City, or its officers, agents, contractors or employees shall in no way be the responsibility of the DAA or City. Operator and its officers and employees shall not be entitled to any compensation or rights or benefits of any hospital care, sick leave and vacation pay, Workers' Compensation, Unemployment Insurance, disability pay or severance pay.

SECTION 11 AUTHORITY'S RIGHTS UPON DEFAULT

- A. Authority's Rights: If at any time Operator shall be in Default, as defined in this Section, with regard to the requirements of this Agreement, it shall be lawful for the Authority, and the Authority may at any time thereafter:

1. Immediately, or at any time thereafter without further notice to Operator, re-enter into or upon the Licensed Premises or any part thereof and take possession of the same fully and absolutely without such re-entry working a forfeiture of the charges to be paid and of the covenants, terms and conditions to be performed by Operator for the full term of this Agreement, and in the event of such re-entry, the Authority may proceed with the collection of 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 and the Operator covenants in case of such termination to indemnify the Authority against all loss of all operator fees, rents, revenues and expenses which the Authority has suffered or paid by reason of such termination, during the residue of the term
3. The Authority shall further have all other rights and remedies including injunctive relief, ejectment or summary proceedings for unlawful detainer, and any or all legal remedies, actions and proceedings and all such remedies shall be cumulative.

B. Default Defined: For the purposes of this Section only, "Default" shall be defined when any of the following circumstances exist:

1. If the Operator has failed to pay rent, operator fees, taxes or other charges when due hereunder and such failure to pay shall continue for ten (10) days after notice in writing to the Operator in the manner hereinafter provided for.
2. If the Operator fails in the observance or performance of any of the other terms, covenants and conditions of this Agreement and such failure shall continue for thirty (30) days after Authority has given Operator written notice, or the Operator shall have failed to commence the rectification of such failure within thirty (30) days after such notice and to diligently prosecute the same where the same cannot be completed within thirty (30) days
3. If a petition to reorganize the Operator or for its arrangement of its unsecured debts shall be filed
4. If the Operator shall be adjudicated bankrupt
5. If a receiver or trustee of the Operator's property shall be appointed by any court
6. If the Operator shall make a general assignment for the benefit of creditors
7. If all of the interest of the Operator in its property shall be taken by garnishment, attachment, execution or other process of law, or
8. If the Licensed Premises shall be deserted or vacated.

C. Attorneys' Fees: In the event Authority shall prevail in any action or suit or proceeding brought by Authority to enforce compliance with this Agreement or for the failure to observe any of the covenants of this Agreement, Operator 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 12 WAIVER OF BREACH

The waiver by the Authority of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained.

SECTION 13 ASSIGNMENTS

The Operator shall not assign or transfer this Agreement in whole or in part, in any manner, nor any interest therein, nor permit the foregoing agreement to become transferred by operation of law or otherwise, nor do or suffer any acts to be done whereby the same may be or become assigned in whole or in part, unless the written consent of the Executive Director shall first be obtained in each and every case of assignment or transfer. It is expressly agreed by the parties that a change in ownership of the controlling share of stock in Operator, if any, shall be deemed to be an assignment hereunder. It is expressly agreed by the Operator that in the event consent is granted by the Executive Director as herein provided, the assignee or transferee shall be required to assume and agree to perform the covenants of this Agreement.

SECTION 14 ERECTION OF SIGNS - DECORATIONS

The Operator shall be allowed to erect suitable advertising signs on the Airport to advertise its business in the Licensed Premises at its sole expense and at the discretion of the Executive Director. Requests shall be submitted in writing and the Executive Director shall have thirty (30) days to respond. Decorations, graphics outdoor advertising, paint schemes, promotional structures, must comply with all regulations, be safe for air terminal operations, and be approved in writing by the Executive Director in writing. No audio advertising or amplified audio solicitation shall be allowed.

SECTION 15 WAIVER OF CLAIMS

Operator waives all claims or causes of action against the Authority, its officers, agents or employees for any failure of the Authority to properly maintain, operate and manage the Airport at all times in a safe manner resulting from any reason or cause beyond the control of the Authority, including, but without the generality of the foregoing: war, strikes, riots, civil commotion and similar causes.

SECTION 16 NON-EXCLUSIVE RIGHTS

Operator shall have the non-exclusive right and privilege of engaging in and conducting a limited service on the premises of the Airport under the terms and conditions as set forth herein. However, this Agreement shall not be construed in any manner to grant Operator or those claiming under it the exclusive right to the use of the premises and facilities of said Airport. The parties to this Agreement do not intend to create any rights in any third party beneficiary.

SECTION 17 GOVERNMENTAL COMMITMENTS

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 authorities, of other civil airports receiving such funds.

SECTION 18 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 Assurances"), Operator 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 Assurances.

SECTION 19 SEVERABILITY

In the event any provision herein 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 20 MODIFICATION OF THE AGREEMENT

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

SECTION 21 NOTICES

All notices to be given by Operator to the Authority shall be deemed to have been given by depositing written notice in the United States Mail addressed to Authority at the Duluth International Airport, 4701 Grinden Drive, Duluth, Minnesota, 55811. All notices to be given by Authority to Operator shall be deemed to have been delivered by depositing the same in writing in the United States Mail addressed to Operator at 400 Spring Street Hastings, MN 55033.

SECTION 22 IMMUNITY

Nothing in this Agreement shall be construed as a waiver by the Authority or the City of any immunities, defenses, or other limitations on liability to which the Authority or the City is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

SECTION 23 APPLICABLE LAW

This Agreement, together with all of its sections, terms and provisions, is made in the State of Minnesota and shall be construed and interpreted according to the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder will be those courts located in

St. Louis County, Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota.

SECTION 24 COUNTERPARTS

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

SECTION 25 RECORDS

- A. Establishment and Maintenance of Records. Records shall be maintained by Operator in accordance with requirements prescribed by Authority and with respect to all matters covered by this Agreement. Such records shall be maintained for a period of six (6) years after receipt of final payment under this Agreement.
- B. Documentation of Costs. Operator will ensure that all costs shall be supported by properly executed payrolls, time records, invoices, contracts, vouchers or other official documentation evidencing in proper detail the nature and propriety of the charges. All checks, payrolls, invoices, contracts, vouchers, orders or other accounting documents pertaining in whole or in part to this Agreement shall be clearly identified and readily accessible.
- C. Reports and Information. Operator shall be responsible for furnishing to Authority records, data and information as City may require pertaining to matters covered by this Agreement.
- D. Audits and Inspections. Operator shall ensure that at any time during normal business hours and as often as Authority may deem necessary, there shall be made available to Authority for examination, all of its records with respect to all matters covered by this Agreement. Operator will also permit Authority to audit, examine and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement.
- E. Confidentiality of Information. All reports, data, information, documentation and material given or prepared by the Operator pursuant to this Agreement will be confidential and will not be released by Authority without prior authorization from Operator except as required for the performance of Operator's services or as required by law.
- F. Ownership of Data. All reports, records and other data prepared under this Agreement shall become the property of Authority upon completion or termination of the services of Operator.

SECTION 26 ENTIRE AGREEMENT

This Agreement 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.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this _____ day of _____, 2021.

DULUTH AIRPORT AUTHORITY

By _____
President

By _____
Secretary

LAKE COUNTRY AIR LLC

By _____

Its _____



The Jamar Company
HVAC Construction Contract

Background:

- Due to the 311 Roofing & Siding project being significantly under original estimate, funding remains from the AIR Grant award.
- This contract is to use AIR Grant funds to replace the HVAC system in Building 311 that Cirrus leases.
- This project was publicly advertised for bid via City of Duluth Purchasing Department.
- The Jamar Company was the low bid out of two total bids.

THE JAMAR COMPANY
&
DULUTH AIRPORT AUTHORITY
Building 311 Mechanical Heating System Replacement

THIS AGREEMENT, made and entered this 20th day of April 2021, is by and between the **DULUTH AIRPORT AUTHORITY**, hereinafter referred to as the "Owner," party of the first part, and **THE JAMAR COMPANY** hereinafter referred to as the "Contractor," party of the second part;

WITNESSETH: That the Contractor and the Owner agree as follows:

1. The following shall be deemed to be part of this contract:
 - a. The annexed resolution of the Duluth Airport Authority and legal advertisement of the Duluth City Council.
 - b. The bid request and specifications, including all required forms, as modified by irreconcilable language in this written contract.
 - c. The bid by Contractor, as modified by irreconcilable language in this written contract.
 - d. The performance bond and payment bond certification.
 - e. All provisions of law applicable to a contract of this nature.
2. The Contractor agrees to furnish and deliver to the Owner all labor, supervision, material, equipment, supplies, insurance, performance bond, payment bond and everything else necessary for general construction of Building 311 Mechanical Heating System Replacement; at 4875 Airport Rd Duluth, MN 55811, all in strict accordance with plans and specifications prepared by the Duluth Airport Authority and your bid of \$121,812.00. Contractor shall not commence performance of any work under this contract until Contractor receives written authorization from the Owner.
3. The Owner agrees to make progress payments and final payments to the Contractor as stated in the contract specifications. The total amount payable under this contract shall not exceed one hundred twenty one eight hundred and twelve dollars (\$121,812.00) unless the contract is modified by formal amendment or change order.
4. The Contractor shall furnish and maintain in full force and effect until this contract is completely performed by the Contractor, a performance bond and payment bond if and when required by law, or if and when required by the Owner.
5. Inasmuch as this contract concerns work, materials and equipment needed for the public benefit, the provisions of this contract relating to the time of performance and completion of work and delivery of materials or equipment are of the essence of this contract.
6. Indemnity

The Contractor shall defend, indemnify and save the Owner and the City of Duluth (the "City") harmless from all costs, charges, damages, expenses including reasonable attorneys' fee, and loss of any kind that may grow out of the matters covered by this Contract, and on ten (10) days' written notice from the Owner, Contractor shall appear and defend all lawsuits against said Owner and/or City growing out of such matters. The provisions of this paragraph apply to any claim for response costs, contribution, or damages which arise out of the release or threatened release of a pollutant, contaminant, or hazardous substance. Said obligation shall include but not be limited to the obligation to defend, indemnify and save harmless the Owner and the City in all cases where claims of liability against the Owner and/or City arise out of acts or omissions of the Owner and/or City which are derivative of the negligence or intentional acts or omissions of Contractor such as, and including but not limited to, the failure of Owner and/or City to supervise, the failure to warn, the failure to prevent such act or omission by Contractor and any other such

that the Subcontractors provide insurance in accord with the minimum requirements herein imposed on the Contractor prior to commencement of any work on a subcontract.

- d. Contractor shall be required to provide insurance meeting the requirements of this Paragraph 7 unless Contractor successfully demonstrates to the satisfaction of the City Attorney, in the exercise of his or her discretion, that such insurance is not reasonably available in the market. If Contractor demonstrates to the satisfaction of the City Attorney that such insurance is not reasonably available, the City Attorney may approve an alternative form of insurance which is reasonably available in the market which he or she deems to provide the highest level of insurance protection to the City which is reasonably available.
8. No claim whatsoever shall be made by the Contractor against any officer, agent or employee of the Owner for, or on account of, anything done, or omitted to be done, in connection with this contract. If this contract is not made in conformity with mandatory provisions of any statute or of the ordinances and charter of the City of Duluth, the Contractor agrees to raise no defense and make no claim against the Owner or the City on the basis of ratification, laches, estoppel, or implied contract.
9. The Contractor shall not assign, transfer, convey or otherwise dispose of this contract, or its right to execute it, or its rights, duties, benefits, obligations, liabilities, or title or interest in or to it, or any part thereof, without the written consent of the Owner, evidenced by a resolution duly adopted by the Duluth Airport Authority Board. The prohibition contained in this paragraph shall not be deemed to prevent the Contractor from subcontracting or making assignments to banks, trust companies, or other financial institutions. Contractor shall remain primarily responsible for all work performed by any Subcontractor.
10. The Contractor agrees that in the hiring of common or skilled labor for the performance of any work under this contract, Contractor will not discriminate by reason of race, creed or color, religion, national origin, sex, marital status, status with regard to public assistance, disability or age.
11. The Contractor agrees that Contractor shall not in any manner discriminate against or intimidate or prevent the employment of any person or persons, or on being hired, prevent or conspire to prevent any person or persons from the performance or work under this contract on account of race, creed or color, religion, national origin, sex, marital status, status with regard to public assistance, disability or age.
12. The contractor agrees that, as provided in Minnesota Statutes 16C.05, Subd. 5, contractor's books, records, documents, and accounting procedures and practices are subject to examination by the Owner, the City or the state auditor for six years from the date of final payment under this contract.
13. In accordance with the requirements of Minnesota Statutes §471.425 Subd. 4a, or its successor, the Contractor shall pay any Subcontractor within ten days of the Contractor's receipt of payment from the Owner for undisputed services provided by the Subcontractor. The Contractor shall pay interest of 1-1/2 percent per month or any part of a month to the Subcontractor on any undisputed amount not paid on time to the Subcontractor. The minimum monthly interest penalty payment for any unpaid balance of \$100 or more is \$10. For an unpaid balance of less than \$100, the Contractor shall pay the actual penalty due to the Subcontractor. A Subcontractor who prevails in a civil action to collect interest penalties from a Contractor must be awarded its costs and disbursement, including attorney's fees, incurred in bringing the action.
14. Contractor shall comply with all local, state and federal laws, rules and regulations applicable to this contract and to the work to be done and things to be supplied hereunder.

DATE: _____

DULUTH AIRPORT AUTHORITY
Owner

By:

Name

Title

By:

Name

Title

THE JAMAR COMPANY
Contractor

By:

Name

Title

~~III~~ G

**AGREEMENT TO INSURE CERTAIN DULUTH AIRPORT AUTHORITY
PROPERTY AND EQUIPMENT UNDER THE CITY OF DULUTH'S
PROPERTY AND BOILER INSURANCE POLICIES**

TERMS:

- Length of Agreement: One Year
- Price: \$64,482.20
- \$100,000 deductible
- Provider: Hanover Insurance & Hartford Steam Boiler

ARGUEEMENT OVERVIEW (CONTEXT):

- Five and a half years ago the DAA moved from a separate policy to the City of Duluth's policy to leverage about 30k in annual savings.
- In 2020 the renewal came in \$100,000 over previous year's cost. Increased cost to the DAA vs 2019 was \$24,853.27. City re-bid the insurance and switched provider from Harford Insurance to Hanover Insurance.
- The City is planning to work to get on the League of MN Cities policies at a reduced cost in coming years.
- Our current brokers recommended we stay with the City of Duluth's policy based on market conditions.
- Airport buildings, personal property, heavy equipment and boilers are covered by these policies.
- This agreement is the same as previous years with only updated prices.

Prepared by: Joelle Bodin

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

Pertaining to the period of February 16, 2021 to February 16, 2022

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

WHEREAS, buildings owned by the City are insured with Hanover Insurance Company located at 440 Lincoln Street, Worcester, MA 01653 through the City's insurance agent, Chris James of Marsh & McLennan Agency LLC; and

WHEREAS, the City maintains equipment breakdown insurance coverage (commonly referred to as "boiler insurance") and inspection through Hartford Steam Boiler Inspection and Insurance Company located at 595 East Swedesford Road, Wayne, PA 19087 through the City's insurance agent Paul Johnsen of Otis Magie Insurance Agency, Inc.; and

WHEREAS, the City's property insurance coverage and boiler insurance coverage runs from February 16, 2021 to February 16, 2022; and

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

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

1. ALL RISK BLANKET POLICY

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

2. TERM OF INSURANCE COVERAGE

The Authority Buildings shall be insured for the period of February 16, 2021 to February 16, 2022.

3. PAYMENT BY AUTHORITY.

Authority agrees to pay City for insuring the Authority Building in the amount of Sixty-Four Thousand, Four Hundred and Eighty-Two and 20/100 Dollars (\$64,482.20) Dollars payable into City Fund 610-036-1659-4906 (Self-Insurance Liabilities, Insurance Accounts, Airport Insurance, Other Insurance Charges).

4. MUTUAL COOPERATION

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

5. POINT OF CONTACT

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

City of Duluth: Jesse J. Budisalovich
 City of Duluth
 440 City Hall
 411 West First Street
 Duluth, MN 55802
 (218) 730-5276

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

6. WAIVER

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

7. APPLICABLE LAW

This Agreement, together with all of its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation

hereunder shall be in a court located in St. Louis County, Minnesota. However, litigation in the federal courts involving the parties shall be in the appropriate federal court within the State of Minnesota.

8. SEVERABILITY

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

9. ENTIRE AGREEMENT

It is understood and agreed that the entire agreement of the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

CITY OF DULUTH

DULUTH AIRPORT AUTHORITY

By _____
Mayor

By _____
President

Attest: _____
City Clerk

By _____
Secretary

Date: _____

Countersigned:

City Auditor

Approved as to form:

City Attorney



3-27-0024-067-2021



U.S. Department
of Transportation
Federal Aviation
Administration

Airports Division
Great Lakes Region
Minnesota, North Dakota, South Dakota

FAA DMA ADO
6020 28th Ave. S.
Suite 102
Minneapolis, MN 55450

CRRSA Transmittal Letter

March 12, 2021

Mr. Tom Warner
4701 Grinden Dr
Duluth, MN 55811

Dear Mr. Warner:

Please find the following electronic Airport Coronavirus Response Grant Program (ACRGP) Grant Offer, Grant No. **3-27-0024-067-2021** for Duluth International Airport. This letter outlines expectations for success. Please read and follow the instructions carefully.

To properly enter into this agreement, you must do the following:

- a. The governing body must provide authority to execute the grant to the individual signing the grant; i.e. the sponsor's authorized representative.
- b. The sponsor's authorized representative must execute the grant, followed by the attorney's certification, no later than **June 1, 2021** in order for the grant to be valid.
- c. You may not make any modification to the text, terms or conditions of the grant offer.
- d. The grant offer must be digitally signed by the sponsor's legal signatory authority and then the grant offer will be routed via email to the sponsor's attorney. Once the attorney has digitally attested to the grant, an email with the executed grant will be sent to all parties.

Subject to the requirements in 2 CFR §200.305, each payment request for reimbursement under this grant must be made electronically via the Delphi eInvoicing System. Please see the attached Grant Agreement for more information regarding the use of this System. The terms and conditions of this agreement require you drawdown and expend these funds within four years.

An airport sponsor may use these funds for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. Please refer to the [ACRGP Frequently Asked Questions](#) for further information.

With each payment request you are required to upload an invoice summary directly to Delphi. The invoice summary should include enough detail to permit FAA to verify compliance with the Coronavirus Response and Relief Supplemental Appropriations Act (Public Law 116-260).

For the final payment request, in addition to the requirement listed above for all payment requests, you are required to upload directly to Delphi:

- A final financial report summarizing all of the costs incurred and reimbursed, and
- An SF-425, and
- A closeout report (A sample report is available [here](#)).

Until the grant is completed and closed, you are responsible for submitting a signed/dated SF-425 annually, due 90 days after the end of each federal fiscal year in which this grant is open (due December 31 of each year this grant is open).

As a condition of receiving Federal assistance under this award, you must comply with audit requirements as established under 2 CFR part 200. Subpart F requires non-Federal entities that expend \$750,000 or more in Federal awards to conduct a single or program specific audit for that year. Note that this includes Federal expenditures made under other Federal-assistance programs. Please take appropriate and necessary action to assure your organization will comply with applicable audit requirements and standards.

I am readily available to assist you and your designated representative with the requirements stated herein. We sincerely value your cooperation in these efforts.

Sincerely,



E. Lindsay Butler
Acting Manager



U.S. Department
of Transportation
Federal Aviation
Administration

AIRPORT CORONAVIRUS RELIEF GRANT PROGRAM (ACRGP)

GRANT AGREEMENT

Part I - Offer

Federal Award Offer Date March 12, 2021 _____

Airport/Planning Area Duluth International Airport

ACRGP Grant Number 3-27-0024-067-2021

Unique Entity Identifier 132648346

TO: City of Duluth

(herein called the "Sponsor")

Channeled through the State of Minnesota

FROM: **The United States of America** (acting through the Federal Aviation Administration, herein called the "FAA")

WHEREAS, the Sponsor has submitted to the FAA an Airports Coronavirus Response Grant Program (herein called "ACRGP") Application dated March 11, 2021, for a grant of Federal funds at or associated with the Duluth International Airport, which is included as part of this ACRGP Grant Agreement; and

WHEREAS, the Sponsor has accepted the terms of FAA's ACRGP Grant offer;

WHEREAS, in consideration of the promises, representations and assurances provided by the Sponsor, the FAA has approved the ACRGP Application for the Duluth International Airport, (herein called the "Grant" or "ACRGP Grant") consisting of the following:

This ACRGP Grant is provided in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act or "the Act"), Division M of Public Law 116-260, as described below, to provide eligible Sponsors with funding for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. ACRGP Grant amounts to specific airports are derived by legislative formula (See Division M, Title IV of the Act).

The purpose of this ACRGP Grant is to prevent, prepare for, and respond to coronavirus. Funds provided under this ACRGP Grant Agreement must only be used for purposes directly related to the airport. Such purposes can include the reimbursement of an airport's operational and maintenance expenses or debt service payments in accordance with the limitations prescribed in the Act. ACRGP Grants may be used to

reimburse airport operational and maintenance expenses directly related to Duluth International incurred no earlier than January 20, 2020. ACRGP Grants also may be used to reimburse a Sponsor's payment of debt service where such payments occur on or after December 27, 2020. Funds provided under this ACRGP Grant Agreement will be governed by the same principles that govern "airport revenue." New airport development projects not directly related to combating the spread of pathogens and approved by the FAA for such purposes, may not be funded with this Grant.

NOW THEREFORE, in accordance with the applicable provisions of the CRRSA Act, Public Law 116-260, the representations contained in the Grant Application, and in consideration of (a) the Sponsor's acceptance of this Offer; and, (b) the benefits to accrue to the United States and the public from the accomplishment of the Grant and in compliance with the conditions as herein provided,

THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES to pay 100% percent of the allowable costs incurred as a result of and in accordance with this Grant Agreement.

Assistance Listings Number (Formerly CFDA Number): 20.106

This Offer is made on and **SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:**

CONDITIONS

1. **Maximum Obligation.** The maximum obligation of the United States payable under this Offer is **\$1,641,598**, allocated as follows:
 - \$48,430 Primary KC2021
 - \$1,593,168 Primary KQ2021
2. **Grant Performance.** This ACRGP Grant Agreement is subject to the following federal award requirements:
 - a. The Period of Performance:
 1. Shall start on the date the Sponsor formally accepts this agreement, and is the date signed by the last Sponsor signatory to the agreement. The end date of the period of performance is 4 years (1,460 calendar days) from the date of acceptance. The period of performance end date shall not affect, relieve or reduce Sponsor obligations and assurances that extend beyond the closeout of this Grant Agreement.
 2. Means the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. (2 Code of Federal Regulations (CFR) § 200.1)
 - b. The Budget Period:
 1. The budget period for this ACRGP Grant is 4 years (1,460 calendar days). Pursuant to 2 CFR § 200.403(h), the Sponsor may charge to the Grant only allowable costs incurred during the budget period.
 2. Means the time interval from the start date of a funded portion of an award to the end date of that funded portion during which the Sponsor is authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to §200.308.

c. Close out and Termination.

1. Unless the FAA authorizes a written extension, the Sponsor must submit all Grant closeout documentation and liquidate (pay-off) all obligations incurred under this award no later than 120 calendar days after the end date of the period of performance. If the Sponsor does not submit all required closeout documentation within this time period, the FAA will proceed to close out the grant within one year of the period of performance end date with the information available at the end of 120 days. (2 CFR § 200.344)
2. The FAA may terminate this ACRGP Grant, in whole or in part, in accordance with the conditions set forth in 2 CFR § 200.340, or other Federal regulatory or statutory authorities as applicable.
3. **Unallowable Costs.** The Sponsor shall not seek reimbursement for any costs that the FAA has determined to be unallowable under the CRRSA Act.
4. **Indirect Costs - Sponsor.** The Sponsor may charge indirect costs under this award by applying the indirect cost rate identified in the Grant Application as accepted by the FAA, to allowable costs for Sponsor direct salaries and wages only.
5. **Final Federal Share of Costs.** The United States' share of allowable Grant costs is 100%.
6. **Completing the Grant without Delay and in Conformance with Requirements.** The Sponsor must carry out and complete the Grant without undue delays and in accordance with this ACRGP Grant Agreement, the CRRSA Act, and the regulations, policies, standards, and procedures of the Secretary of Transportation ("Secretary"). Pursuant to 2 CFR § 200.308, the Sponsor agrees to report to the FAA any disengagement from funding eligible expenses under the Grant that exceeds three months or a 25 percent reduction in time devoted to the Grant, and request prior approval from FAA. The report must include a reason for the stoppage. The Sponsor agrees to comply with the attached assurances, which are part of this agreement and any addendum that may be attached hereto at a later date by mutual consent.
7. **Amendments or Withdrawals before Grant Acceptance.** The FAA reserves the right to amend or withdraw this offer at any time prior to its acceptance by the Sponsor.
8. **Offer Expiration Date.** This offer will expire and the United States will not be obligated to pay any part of the costs unless this offer has been accepted by the Sponsor on or before June 1, 2021, or such subsequent date as may be prescribed in writing by the FAA.
9. **Improper Use of Federal Funds.** The Sponsor must take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner, including uses that violate this ACRGP Grant Agreement, the CRRSA Act or other provision of applicable law. For the purposes of this ACRGP Grant Agreement, the term "Federal funds" means funds however used or dispersed by the Sponsor, that were originally paid pursuant to this or any other Federal grant agreement(s). The Sponsor must return the recovered Federal share, including funds recovered by settlement, order, or judgment, to the Secretary. The Sponsor must furnish to the Secretary, upon request, all documents and records pertaining to the determination of the amount of the Federal share or to any settlement, litigation, negotiation, or other efforts taken to recover such funds. All settlements or other final positions of the Sponsor, in court or otherwise, involving the recovery of such Federal share require advance approval by the Secretary.

10. **United States Not Liable for Damage or Injury.** The United States is not responsible or liable for damage to property or injury to persons which may arise from, or relate to this ACRGP Grant Agreement, including, but not limited to, any action taken by a Sponsor related to or arising from, directly or indirectly, this ACRGP Grant Agreement.
11. **System for Award Management (SAM) Registration and Unique Entity Identifier (UEI).**
 - a. Requirement for System for Award Management (SAM): Unless the Sponsor is exempted from this requirement under 2 CFR 25.110, the Sponsor must maintain the currency of its information in the SAM until the Sponsor submits the final financial report required under this grant, or receives the final payment, whichever is later. This requires that the Sponsor review and update the information at least annually after the initial registration and more frequently if required by changes in information or another award term. Additional information about registration procedures may be found at the SAM website (currently at <http://www.sam.gov>).
 - b. Unique entity identifier (UEI) means a 12-character alpha-numeric value used to identify a specific commercial, nonprofit or governmental entity. A UEI may be obtained from SAM.gov at <https://sam.gov/SAM/pages/public/index.jsf>.
12. **Electronic Grant Payment(s).** Unless otherwise directed by the FAA, the Sponsor must make each payment request under this agreement electronically via the Delphi eInvoicing System for Department of Transportation (DOT) Financial Assistance Awardees.
13. **Air and Water Quality.** The Sponsor is required to comply with all applicable air and water quality standards for all projects in this grant. If the Sponsor fails to comply with this requirement, the FAA may suspend, cancel, or terminate this agreement.
14. **Financial Reporting and Payment Requirements.** The Sponsor will comply with all Federal financial reporting requirements and payment requirements, including submittal of timely and accurate reports.
15. **Buy American.** Unless otherwise approved in advance by the FAA, in accordance with 49 United States Code (U.S.C.) § 50101 the Sponsor will not acquire or permit any contractor or subcontractor to acquire any steel or manufactured goods produced outside the United States to be used for any project for which funds are provided under this grant. The Sponsor will include a provision implementing Buy American in every contract.
16. **Audits for Sponsors.**

PUBLIC SPONSORS. The Sponsor must provide for a Single Audit or program-specific audit in accordance with 2 CFR Part 200. The Sponsor must submit the audit reporting package to the Federal Audit Clearinghouse on the Federal Audit Clearinghouse's Internet Data Entry System at <http://harvester.census.gov/facweb/>. Upon request of the FAA, the Sponsor shall provide one copy of the completed audit to the FAA.
17. **Suspension or Debarment.** When entering into a "covered transaction" as defined by 2 CFR § 180.200, the Sponsor must:
 - a. Verify the non-Federal entity is eligible to participate in this Federal program by:
 1. Checking the excluded parties list system (EPLS) as maintained within the System for Award Management (SAM) to determine if the non-Federal entity is excluded or disqualified; or

2. Collecting a certification statement from the non-Federal entity attesting the entity is not excluded or disqualified from participating; or
 3. Adding a clause or condition to covered transactions attesting the individual or firm is not excluded or disqualified from participating.
- b. Require prime contractors to comply with 2 CFR § 180.330 when entering into lower-tier transactions (e.g. sub-contracts).
 - c. Immediately disclose to the FAA whenever the Sponsor (1) learns the Sponsor has entered into a covered transaction with an ineligible entity, or (2) suspends or debar a contractor, person, or entity.

18. **Ban on Texting While Driving.**

- a. In accordance with Executive Order 13513, Federal Leadership on Reducing Text Messaging While Driving, October 1, 2009, and DOT Order 3902.10, Text Messaging While Driving, December 30, 2009, the Sponsor is encouraged to:
 1. Adopt and enforce workplace safety policies to decrease crashes caused by distracted drivers including policies to ban text messaging while driving when performing any work for, or on behalf of, the Federal government, including work relating to this ACRGP Grant or subgrant funded by this Grant.
 2. Conduct workplace safety initiatives in a manner commensurate with the size of the business, such as:
 - A. Establishment of new rules and programs or re-evaluation of existing programs to prohibit text messaging while driving; and
 - B. Education, awareness, and other outreach to employees about the safety risks associated with texting while driving.
- b. The Sponsor must insert the substance of this clause on banning texting while driving in all subgrants, contracts, and subcontracts funded by this ACRGP Grant.

19. **Trafficking in Persons.**

- a. You as the recipient, your employees, subrecipients under this ACRGP Grant, and subrecipients' employees may not –
 1. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
 2. Procure a commercial sex act during the period of time that the award is in effect; or
 3. Use forced labor in the performance of the award or subawards under the ACRGP Grant.
- b. The FAA as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity –
 1. Is determined to have violated a prohibition in paragraph A of this ACRGP Grant Agreement term; or
 2. Has an employee who is determined by the agency official authorized to terminate the ACRGP Grant Agreement to have violated a prohibition in paragraph A.1 of this ACRGP Grant term through conduct that is either –

- A. Associated with performance under this ACRGP grant; or
- B. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR Part 180, "OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement)," as implemented by the FAA at 2 CFR Part 1200.
- c. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph A during this ACRGP Grant Agreement.
- d. Our right to terminate unilaterally that is described in paragraph A of this section:
 - 1. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. § 7104(g)), and
 - 2. Is in addition to all other remedies for noncompliance that are available to the FAA under this ACRGP Grant.

20. Employee Protection from Reprisal.

- a. Prohibition of Reprisals —
 - 1. In accordance with 41 U.S.C. § 4712, an employee of a grantee or subgrantee may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in sub-paragraph (A)(2), information that the employee reasonably believes is evidence of:
 - a. Gross mismanagement of a Federal grant;
 - b. Gross waste of Federal funds;
 - c. An abuse of authority relating to implementation or use of Federal funds;
 - d. A substantial and specific danger to public health or safety; or
 - e. A violation of law, rule, or regulation related to a Federal grant.
 - 2. Persons and bodies covered: The persons and bodies to which a disclosure by an employee is covered are as follows:
 - a. A member of Congress or a representative of a committee of Congress;
 - b. An Inspector General;
 - c. The Government Accountability Office;
 - d. A Federal office or employee responsible for oversight of a grant program;
 - e. A court or grand jury;
 - f. A management office of the grantee or subgrantee; or
 - g. A Federal or State regulatory enforcement agency.
 - 3. Submission of Complaint — A person who believes that they have been subjected to a reprisal prohibited by paragraph A of this ACRGP Grant Agreement may submit a complaint regarding the reprisal to the Office of Inspector General (OIG) for the U.S. Department of Transportation.
 - 4. Time Limitation for Submittal of a Complaint — A complaint may not be brought under this subsection more than three years after the date on which the alleged reprisal took place.
 - 5. Required Actions of the Inspector General — Actions, limitations, and exceptions of the Inspector General's office are established under 41 U.S.C. § 4712(b).

6. Assumption of Rights to Civil Remedy — Upon receipt of an explanation of a decision not to conduct or continue an investigation by the Office of Inspector General, the person submitting a complaint assumes the right to a civil remedy under 41 U.S.C. § 4712(c).
21. **Limitations.** Nothing provided herein shall be construed to limit, cancel, annul, or modify the terms of any Federal grant agreement(s), including all terms and assurances related thereto, that have been entered into by the Sponsor and the FAA prior to the date of this ACRGP Grant Agreement.
22. **Face Coverings Policy.** The sponsor agrees to implement a face-covering (mask) policy to combat the spread of pathogens. This policy must include a requirement that all persons wear a mask, in accordance with Centers for Disease Control (CDC) and Transportation Security Administration (TSA) requirements, as applicable, at all times while in all public areas of the airport property, except to the extent exempted under those requirements. This special condition requires the airport sponsor continue to require masks until [Executive Order 13998, Promoting COVID-19 Safety in Domestic and International Travel](#), is no longer effective.

SPECIAL CONDITIONS FOR USE OF ACRGP FUNDS

CONDITIONS FOR ROLLING STOCK/EQUIPMENT -

1. **Equipment or Vehicle Replacement.** The Sponsor agrees that when using funds provided by this grant to replace equipment, the proceeds from the trade-in or sale of such replaced equipment shall be classified and used as airport revenue.
2. **Equipment Acquisition.** The Sponsor agrees that for any equipment acquired with funds provided by this grant, such equipment shall be used solely for purposes directly related to the airport.
3. **Low Emission Systems.** The Sponsor agrees that vehicles and equipment acquired with funds provided in this grant:
 - a. Will be maintained and used at the airport for which they were purchased; and
 - b. Will not be transferred, relocated, or used at another airport without the advance consent of the FAA.

The Sponsor further agrees that it will maintain annual records on individual vehicles and equipment, project expenditures, cost effectiveness, and emission reductions.

CONDITIONS FOR UTILITIES AND LAND -

4. **Utilities Proration.** For purposes of computing the United States' share of the allowable airport operations and maintenance costs, the allowable cost of utilities incurred by the Sponsor to operate and maintain airport(s) included in the Grant must not exceed the percent attributable to the capital or operating costs of the airport.
5. **Utility Relocation in Grant.** The Sponsor understands and agrees that:
 - a. The United States will not participate in the cost of any utility relocation unless and until the Sponsor has submitted evidence satisfactory to the FAA that the Sponsor is legally responsible for payment of such costs;
 - b. FAA participation is limited to those utilities located on-airport or off-airport only where the Sponsor has an easement for the utility; and
 - c. The utilities must serve a purpose directly related to the Airport.

6. **Land Acquisition.** Where funds provided for by this grant are used to acquire land, the Sponsor shall record the grant agreement, including the grant assurances and any and all related requirements, encumbrances, and restrictions that shall apply to such land, in the public land records of the jurisdiction in which the land is located.

The Sponsor's acceptance of this Offer and ratification and adoption of the ACRGP Grant Application incorporated herein shall be evidenced by execution of this instrument by the Sponsor. The Offer and Acceptance shall comprise an ACRGP Grant Agreement, as provided by the CRRSA Act, constituting the contractual obligations and rights of the United States and the Sponsor with respect to this Grant. The effective date of this ACRGP Grant Agreement is the date of the Sponsor's acceptance of this Offer.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

Dated March 12, 2021

UNITED STATES OF AMERICA
FEDERAL AVIATION ADMINISTRATION



(Signature)

E. Lindsay Butler

(Typed Name)

Acting Manager, FAA-DMA-ADO

(Title of FAA Official)

Part II - Acceptance

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the ACRGP Grant Application and incorporated materials referred to in the foregoing Offer under Part I of this ACRGP Grant Agreement, and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the ACRGP Grant Application and all applicable terms and conditions provided for in the CRRSA Act and other applicable provisions of Federal law.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

I declare under penalty of perjury that the foregoing is true and correct. ¹

Dated March 12, 2021

City of Duluth

(Name of Sponsor)



Anna Tanski (Mar 12, 2021 11:13 CST)

(Signature of Sponsor's Designative Official/Representative)

By: Anna Tanski

(Type Name of Sponsor's Designative Official/Representative)

Title: President

(Title of Sponsor's Designative Official/Representative)

¹ Knowingly and willfully providing false information to the Federal government is a violation of 18 U.S.C. Section 1001 (False Statements) and could subject you to fines, imprisonment, or both.

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the ACRGP Grant Application and incorporated materials referred to in the foregoing Offer under Part I of this ACRGP Grant Agreement, and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the ACRGP Grant Application and all applicable terms and conditions provided for in the CRRSA Act and other applicable provisions of Federal law.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

I declare under penalty of perjury that the foregoing is true and correct.¹

Dated March 12, 2021

City of Duluth

(Name of Sponsor)



(Signature of Sponsor's Designative Official/Representative)

By: Kimberly J. Maki

(Type Name of Sponsor's Designative Official/Representative)

Title: Duluth Airport Authority Secretary

(Title of Sponsor's Designative Official/Representative)

¹ Knowingly and willfully providing false information to the Federal government is a violation of 18 U.S.C. Section 1001 (False Statements) and could subject you to fines, imprisonment, or both.

CERTIFICATE OF SPONSOR'S ATTORNEY

I, Steven Hanke, acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of Minnesota. Further, I have examined the foregoing Grant Agreement and the actions taken by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and the CRRSA Act. The Sponsor understands funding made available under this Grant Agreement may only be used to reimburse for airport operational and maintenance expenses, and debt service payments. The Sponsor further understands it may submit a separate request to use funds for new airport/project development purposes, subject to additional terms, conditions, and assurances. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

Dated at March 15, 2021

By: Steven Hanke
Steven Hanke (Mar 15, 2021 12:39 CDT)
(Signature of Sponsor's Attorney)

AIRPORT CORONAVIRUS RELIEF GRANT PROGRAM (ACRGP) ASSURANCES

AIRPORT SPONSORS

A. General.

1. These Airport Coronavirus Relief Grant Program (ACRGP) Assurances are required to be submitted as part of the application by sponsors requesting funds under the provisions of the Coronavirus Response and Relief Supplemental Appropriations Act of 2020 (CRRSA Act or "the Act"), Public Law 116-260. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
2. Upon acceptance of this ACRGP Grant offer by the sponsor, these assurances are incorporated into and become part of this ACRGP Grant Agreement.

B. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this ACRGP Grant that:

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance, and use of Federal funds for this ACRGP Grant including but not limited to the following:

FEDERAL LEGISLATION

- a. 49 U.S.C. Chapter 471, as applicable
- b. Davis-Bacon Act — 40 U.S.C. 276(a), et. seq.
- c. Federal Fair Labor Standards Act — 29 U.S.C. 201, et. seq.
- d. Hatch Act — 5 U.S.C. 1501, et. seq. ²
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et. seq.
- f. National Historic Preservation Act of 1966 — Section 106 — 16 U.S.C. 470(f).
- g. Archeological and Historic Preservation Act of 1974 — 16 U.S.C. 469 through 469c.
- h. Native Americans Grave Repatriation Act — 25 U.S.C. Section 3001, et. seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 — Section 102(a) — 42 U.S.C. 4012a.
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f)).
- m. Rehabilitation Act of 1973 — 29 U.S.C. 794.
- n. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin).
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- p. Age Discrimination Act of 1975 — 42 U.S.C. 6101, et. seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- r. Architectural Barriers Act of 1968 — 42 U.S.C. 4151, et. seq.
- s. Power plant and Industrial Fuel Use Act of 1978 — Section 403- 2 U.S.C. 8373.
- t. Contract Work Hours and Safety Standards Act — 40 U.S.C. 327, et. seq.
- u. Copeland Anti-kickback Act — 18 U.S.C. 874.1.
- v. National Environmental Policy Act of 1969 — 42 U.S.C. 4321, et. seq.
- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 — 31 U.S.C. 7501, et. seq. ²
- y. Drug-Free Workplace Act of 1988 — 41 U.S.C. 702 through 706.
- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

EXECUTIVE ORDERS

- a. Executive Order 11246 – Equal Employment Opportunity
- b. Executive Order 11990 – Protection of Wetlands

- c. Executive Order 11998 – Flood Plain Management
- d. Executive Order 12372 – Intergovernmental Review of Federal Programs
- e. Executive Order 12699 – Seismic Safety of Federal and Federally Assisted New Building Construction
- f. Executive Order 12898 – Environmental Justice
- g. Executive Order 14005 – Ensuring the Future Is Made in All of America by All of America's Workers.

FEDERAL REGULATIONS

- a. 2 CFR Part 180 – OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement).
- b. 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. ^{3,4}
- c. 2 CFR Part 1200 – Nonprocurement Suspension and Debarment.
- d. 28 CFR Part 35 – Discrimination on the Basis of Disability in State and Local Government Services.
- e. 28 CFR § 50.3 – U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- f. 29 CFR Part 1 – Procedures for predetermination of wage rates. ¹
- g. 29 CFR Part 3 – Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States. ¹
- h. 29 CFR Part 5 – Labor standards provisions applicable to contracts covering Federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act). ¹
- i. 41 CFR Part 60 – Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and Federally assisted contracting requirements). ¹
- j. 49 CFR Part 20 – New restrictions on lobbying.
- k. 49 CFR Part 21 – Nondiscrimination in Federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- l. 49 CFR Part 23 – Participation by Disadvantage Business Enterprise in Airport Concessions.
- m. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Program.
- n. 49 CFR Part 27 – Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance. ¹
- o. 49 CFR Part 28 – Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- p. 49 CFR Part 30 – Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.

- q. 49 CFR Part 32 – Government-wide Requirements for Drug-Free Workplace (Financial Assistance).
- r. 49 CFR Part 37 – Transportation Services for Individuals with Disabilities (ADA).
- s. 49 CFR Part 41 – Seismic safety of Federal and Federally assisted or regulated new building construction.

FOOTNOTES TO ASSURANCE ACRGP ASSURANCE B.1.

- ¹ These laws do not apply to airport planning sponsors.
- ² These laws do not apply to private sponsors.
- ³ Cost principles established in 2 CFR Part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses
- ⁴ Audit requirements established in 2 CFR Part 200 subpart F are the guidelines for audits.

SPECIFIC ASSURANCES

Specific assurances required to be included in grant agreements by any of the above laws, regulations, or circulars are incorporated by reference in this Grant Agreement.

1. Purpose Directly Related to the Airport

It certifies that the reimbursement sought is for a purpose directly related to the airport.

2. Responsibility and Authority of the Sponsor.

a. Public Agency Sponsor:

It has legal authority to apply for this Grant, and to finance and carry out the proposed grant; that an official decision has been made by the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

b. Private Sponsor:

It has legal authority to apply for this Grant and to finance and carry out the proposed Grant and comply with all terms, conditions, and assurances of this Grant Agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. Good Title.

It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.

4. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this Grant Agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish, or modify any outstanding rights or claims of right of others which would interfere

with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.

- b. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with this Grant Agreement.
- c. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations, and the terms and conditions of this Grant Agreement.

5. Consistency with Local Plans.

Any project undertaken by this Grant Agreement is reasonably consistent with plans (existing at the time of submission of the ACRGP application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

6. Consideration of Local Interest.

It has given fair consideration to the interest of communities in or near where any project undertaken by this Grant Agreement may be located.

7. Consultation with Users.

In making a decision to undertake any airport development project undertaken by this Grant Agreement, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

8. Pavement Preventative Maintenance.

With respect to a project undertaken by this Grant Agreement for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed, or repaired with Federal financial assistance at the airport, including ACRGP funds provided under this Grant Agreement. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

9. Accounting System, Audit, and Record Keeping Requirements.

- a. It shall keep all Grant accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this Grant, the total cost of the Grant in connection with which this Grant is given or used, and the amount or nature of that portion of the cost of the Grant supplied by other sources, and such other financial records pertinent to the Grant. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this Grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a Grant or relating to the Grant in connection with which this Grant was given

or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

10. Minimum Wage Rates.

It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

11. Veteran's Preference.

It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

12. Operation and Maintenance.

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-
 1. Operating the airport's aeronautical facilities whenever required;
 2. Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 3. Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

13. Hazard Removal and Mitigation.

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will

be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

14. Compatible Land Use.

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft.

15. Exclusive Rights.

The sponsor shall not grant an exclusive right to use an air navigation facility on which this Grant has been expended. However, providing services at an airport by only one fixed-based operator is not an exclusive right if—

- a. it is unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide the services; and
- b. allowing more than one fixed-based operator to provide the services requires a reduction in space leased under an agreement existing on September 3, 1982, between the operator and the airport.

16. Airport Revenues.

- a. This Grant shall be available for any purpose for which airport revenues may lawfully be used to prevent, prepare for, and respond to coronavirus. Funds provided under this ACRGP Grant Agreement will only be expended for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport(s) subject to this agreement and all applicable addendums for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments as prescribed in the Act
- b. For airport development, 49 U.S.C. § 47133 applies.

17. Reports and Inspections.

It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 1. all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 2. all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

18. Land for Federal Facilities.

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air

traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

19. Airport Layout Plan.

- a. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, it will keep up to date at all times an airport layout plan of the airport showing:
 1. boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;
 2. the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities;
 3. the location of all existing and proposed non-aviation areas and of all existing improvements thereon; and
 4. all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.
- b. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, if a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

20. Civil Rights.

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this Grant.

- a. Using the definitions of activity, facility, and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR Part 21, the sponsor will facilitate all programs, operate all facilities, or

conduct all programs in compliance with all non-discrimination requirements imposed by or pursuant to these assurances.

b. Applicability

1. Programs and Activities. If the sponsor has received a grant (or other Federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities
2. Facilities. Where it receives a grant or other Federal financial assistance to construct, expand, renovate, remodel, alter, or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.
3. Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of, real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

c. Duration

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

1. So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
2. So long as the sponsor retains ownership or possession of the property.

d. Required Solicitation Language

It will include the following notification in all solicitations for bids, Requests for Proposals for work, or material under this Grant and in all proposals for agreements, including airport concessions, regardless of funding source:

"The City of Duluth, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that for any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award."

e. Required Contract Provisions.

1. It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally-assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT Acts and regulations.
2. It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.

3. It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.
4. It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:
 - A. For the subsequent transfer of real property acquired or improved under the applicable activity, grant, or program; and
 - B. For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, grant, or program.
 - C. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
 - D. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

21. Foreign Market Restrictions.

It will not allow funds provided under this Grant to be used to fund any activity that uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

22. Policies, Standards and Specifications.

It will carry out any project funded under an Airport Coronavirus Relief Program Grant in accordance with policies, standards, and specifications approved by the Secretary including, but not limited to, current FAA Advisory Circulars for AIP projects, as of March 11, 2021, included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.

23. Access By Intercity Buses.

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

24. Disadvantaged Business Enterprises.

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (ACDBE) programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the

award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

25. Acquisition Thresholds.

The FAA deems equipment to mean tangible personal property having a useful life greater than one year and a per-unit acquisition cost equal to or greater than \$5,000. Procurements by micro-purchase means the acquisition of goods or services for which the aggregate dollar amount does not exceed \$10,000, unless authorized in accordance with 2 CFR § 200.320. Procurement by small purchase procedures means those relatively simple and informal procurement methods for securing goods or services that do not exceed the \$250,000 threshold for simplified acquisitions.

Current FAA Advisory Circulars Required for Use in AIP Funded and PFC Approved Projects

View the most current Series 150 Advisory Circulars (ACs) for Airport Projects at
http://www.faa.gov/airports/resources/advisory_circulars and
http://www.faa.gov/regulations_policies/advisory_circulars

~~SECRET~~

3-27-0025-016-2021



U.S. Department
of Transportation
Federal Aviation
Administration

Airports Division
Great Lakes Region
Minnesota, North Dakota, South Dakota

FAA DMA ADO
6020 28th Ave. S.
Suite 102
Minneapolis, MN 55450

CRRSA Transmittal Letter

April 8, 2021

Mr. Tom Warner
4701 Grinden Dr
Duluth, MN 55811

Dear Mr. Warner:

Please find the following electronic Airport Coronavirus Response Grant Program (ACRGP) Grant Offer, Grant No. **3-27-0025-016-2021 for Duluth-Sky Harbor Airport**. This letter outlines expectations for success. Please read and follow the instructions carefully.

To properly enter into this agreement, you must do the following:

- a. The governing body must provide authority to execute the grant to the individual signing the grant; i.e. the sponsor's authorized representative.
- b. The sponsor's authorized representative must execute the grant, followed by the attorney's certification, no later than **June 1, 2021** in order for the grant to be valid.
- c. You may not make any modification to the text, terms or conditions of the grant offer.
- d. The grant offer must be digitally signed by the sponsor's legal signatory authority and then the grant offer will be routed via email to the sponsor's attorney. Once the attorney has digitally attested to the grant, an email with the executed grant will be sent to all parties.

Subject to the requirements in 2 CFR §200.305, each payment request for reimbursement under this grant must be made electronically via the Delphi eInvoicing System. Please see the attached Grant Agreement for more information regarding the use of this System. The terms and conditions of this agreement require you drawdown and expend these funds within four years.

An airport sponsor may use these funds for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. Please refer to the [ACRGP Frequently Asked Questions](#) for further information.

With each payment request you are required to upload an invoice summary directly to Delphi. The invoice summary should include enough detail to permit FAA to verify compliance with the Coronavirus Response and Relief Supplemental Appropriations Act (Public Law 116-260).

For the final payment request, in addition to the requirement listed above for all payment requests, you are required to upload directly to Delphi:

- A final financial report summarizing all of the costs incurred and reimbursed, and
- An SF-425, and.
- A closeout report (A sample report is available [here](#)).

Until the grant is completed and closed, you are responsible for submitting a signed/dated SF-425 annually, due 90 days after the end of each federal fiscal year in which this grant is open (due December 31 of each year this grant is open).

As a condition of receiving Federal assistance under this award, you must comply with audit requirements as established under 2 CFR part 200. Subpart F requires non-Federal entities that expend \$750,000 or more in Federal awards to conduct a single or program specific audit for that year. Note that this includes Federal expenditures made under other Federal-assistance programs. Please take appropriate and necessary action to assure your organization will comply with applicable audit requirements and standards.

I am readily available to assist you and your designated representative with the requirements stated herein. We sincerely value your cooperation in these efforts.

Sincerely,



E. Lindsay Butler
Acting Manager



U.S. Department
of Transportation
Federal Aviation
Administration

AIRPORT CORONAVIRUS RELIEF GRANT PROGRAM (ACRGP)

GRANT AGREEMENT

Part I - Offer

Federal Award Offer Date April 8, 2021

Airport/Planning Area Sky Harbor Airport

ACRGP Grant Number 3-27-0025-016-2021

Unique Entity Identifier 132648346

TO: City of Duluth

(herein called the "Sponsor")

Channeled through the State of Minnesota

FROM: **The United States of America** (acting through the Federal Aviation Administration, herein called the "FAA")

WHEREAS, the Sponsor has submitted to the FAA an Airports Coronavirus Response Grant Program (herein called "ACRGP") Application dated February 16, 2021, for a grant of Federal funds at or associated with the Sky Harbor Airport, which is included as part of this ACRGP Grant Agreement; and

WHEREAS, the Sponsor has accepted the terms of FAA's ACRGP Grant offer;

WHEREAS, in consideration of the promises, representations and assurances provided by the Sponsor, the FAA has approved the ACRGP Application for the Sky Harbor Airport, (herein called the "Grant" or "ACRGP Grant") consisting of the following:

This ACRGP Grant is provided in accordance with the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act or "the Act"), Division M of Public Law 116-260, as described below, to provide eligible Sponsors with funding for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. ACRGP Grant amounts to specific airports are derived by legislative formula (See Division M, Title IV of the Act).

The purpose of this ACRGP Grant is to prevent, prepare for, and respond to coronavirus. Funds provided under this ACRGP Grant Agreement must only be used for purposes directly related to the airport. Such purposes can include the reimbursement of an airport's operational and maintenance expenses or debt service payments in accordance with the limitations prescribed in the Act. ACRGP Grants may be used to

reimburse airport operational and maintenance expenses directly related to Sky Harbor incurred no earlier than January 20, 2020. ACRGP Grants also may be used to reimburse a Sponsor's payment of debt service where such payments occur on or after December 27, 2020. Funds provided under this ACRGP Grant Agreement will be governed by the same principles that govern "airport revenue." New airport development projects not directly related to combating the spread of pathogens and approved by the FAA for such purposes, may not be funded with this Grant.

NOW THEREFORE, in accordance with the applicable provisions of the CRRSA Act, Public Law 116-260, the representations contained in the Grant Application, and in consideration of (a) the Sponsor's acceptance of this Offer; and, (b) the benefits to accrue to the United States and the public from the accomplishment of the Grant and in compliance with the conditions as herein provided,

THE FEDERAL AVIATION ADMINISTRATION, FOR AND ON BEHALF OF THE UNITED STATES, HEREBY OFFERS AND AGREES to pay 100% percent of the allowable costs incurred as a result of and in accordance with this Grant Agreement.

Assistance Listings Number (Formerly CFDA Number): 20.106

This Offer is made on and **SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:**

CONDITIONS

1. **Maximum Obligation.** The maximum obligation of the United States payable under this Offer is **\$13,000**, allocated as follows:

\$13,000 Non Primary KU2021

2. **Grant Performance.** This ACRGP Grant Agreement is subject to the following federal award requirements:

- a. The Period of Performance:

1. Shall start on the date the Sponsor formally accepts this agreement, and is the date signed by the last Sponsor signatory to the agreement. The end date of the period of performance is 4 years (1,460 calendar days) from the date of acceptance. The period of performance end date shall not affect, relieve or reduce Sponsor obligations and assurances that extend beyond the closeout of this Grant Agreement.
2. Means the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. (2 Code of Federal Regulations (CFR) § 200.1)

- b. The Budget Period:

1. The budget period for this ACRGP Grant is 4 years (1,460 calendar days). Pursuant to 2 CFR § 200.403(h), the Sponsor may charge to the Grant only allowable costs incurred during the budget period.
2. Means the time interval from the start date of a funded portion of an award to the end date of that funded portion during which the Sponsor is authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to §200.308.

c. Close out and Termination.

1. Unless the FAA authorizes a written extension, the Sponsor must submit all Grant closeout documentation and liquidate (pay-off) all obligations incurred under this award no later than 120 calendar days after the end date of the period of performance. If the Sponsor does not submit all required closeout documentation within this time period, the FAA will proceed to close out the grant within one year of the period of performance end date with the information available at the end of 120 days. (2 CFR § 200.344)
2. The FAA may terminate this ACRGP Grant, in whole or in part, in accordance with the conditions set forth in 2 CFR § 200.340, or other Federal regulatory or statutory authorities as applicable.
3. **Unallowable Costs.** The Sponsor shall not seek reimbursement for any costs that the FAA has determined to be unallowable under the CRRSA Act.
4. **Indirect Costs - Sponsor.** The Sponsor may charge indirect costs under this award by applying the indirect cost rate identified in the Grant Application as accepted by the FAA, to allowable costs for Sponsor direct salaries and wages only.
5. **Final Federal Share of Costs.** The United States' share of allowable Grant costs is 100%.
6. **Completing the Grant without Delay and in Conformance with Requirements.** The Sponsor must carry out and complete the Grant without undue delays and in accordance with this ACRGP Grant Agreement, the CRRSA Act, and the regulations, policies, standards, and procedures of the Secretary of Transportation ("Secretary"). Pursuant to 2 CFR § 200.308, the Sponsor agrees to report to the FAA any disengagement from funding eligible expenses under the Grant that exceeds three months or a 25 percent reduction in time devoted to the Grant, and request prior approval from FAA. The report must include a reason for the stoppage. The Sponsor agrees to comply with the attached assurances, which are part of this agreement and any addendum that may be attached hereto at a later date by mutual consent.
7. **Amendments or Withdrawals before Grant Acceptance.** The FAA reserves the right to amend or withdraw this offer at any time prior to its acceptance by the Sponsor.
8. **Offer Expiration Date.** This offer will expire and the United States will not be obligated to pay any part of the costs unless this offer has been accepted by the Sponsor on or before June 1, 2021, or such subsequent date as may be prescribed in writing by the FAA.
9. **Improper Use of Federal Funds.** The Sponsor must take all steps, including litigation if necessary, to recover Federal funds spent fraudulently, wastefully, or in violation of Federal antitrust statutes, or misused in any other manner, including uses that violate this ACRGP Grant Agreement, the CRRSA Act or other provision of applicable law. For the purposes of this ACRGP Grant Agreement, the term "Federal funds" means funds however used or dispersed by the Sponsor, that were originally paid pursuant to this or any other Federal grant agreement(s). The Sponsor must return the recovered Federal share, including funds recovered by settlement, order, or judgment, to the Secretary. The Sponsor must furnish to the Secretary, upon request, all documents and records pertaining to the determination of the amount of the Federal share or to any settlement, litigation, negotiation, or other efforts taken to recover such funds. All settlements or other final positions of the Sponsor, in court or otherwise, involving the recovery of such Federal share require advance approval by the Secretary.

10. **United States Not Liable for Damage or Injury.** The United States is not responsible or liable for damage to property or injury to persons which may arise from, or relate to this ACRGP Grant Agreement, including, but not limited to, any action taken by a Sponsor related to or arising from, directly or indirectly, this ACRGP Grant Agreement.
11. **System for Award Management (SAM) Registration and Unique Entity Identifier (UEI).**
 - a. Requirement for System for Award Management (SAM): Unless the Sponsor is exempted from this requirement under 2 CFR 25.110, the Sponsor must maintain the currency of its information in the SAM until the Sponsor submits the final financial report required under this grant, or receives the final payment, whichever is later. This requires that the Sponsor review and update the information at least annually after the initial registration and more frequently if required by changes in information or another award term. Additional information about registration procedures may be found at the SAM website (currently at <http://www.sam.gov>).
 - b. Unique entity identifier (UEI) means a 12-character alpha-numeric value used to identify a specific commercial, nonprofit or governmental entity. A UEI may be obtained from SAM.gov at <https://sam.gov/SAM/pages/public/index.jsf>.
12. **Electronic Grant Payment(s).** Unless otherwise directed by the FAA, the Sponsor must make each payment request under this agreement electronically via the Delphi eInvoicing System for Department of Transportation (DOT) Financial Assistance Awardees.
13. **Air and Water Quality.** The Sponsor is required to comply with all applicable air and water quality standards for all projects in this grant. If the Sponsor fails to comply with this requirement, the FAA may suspend, cancel, or terminate this agreement.
14. **Financial Reporting and Payment Requirements.** The Sponsor will comply with all Federal financial reporting requirements and payment requirements, including submittal of timely and accurate reports.
15. **Buy American.** Unless otherwise approved in advance by the FAA, in accordance with 49 United States Code (U.S.C.) § 50101 the Sponsor will not acquire or permit any contractor or subcontractor to acquire any steel or manufactured goods produced outside the United States to be used for any project for which funds are provided under this grant. The Sponsor will include a provision implementing Buy American in every contract.
16. **Audits for Sponsors.**

PUBLIC SPONSORS. The Sponsor must provide for a Single Audit or program-specific audit in accordance with 2 CFR Part 200. The Sponsor must submit the audit reporting package to the Federal Audit Clearinghouse on the Federal Audit Clearinghouse's Internet Data Entry System at <http://harvester.census.gov/facweb/>. Upon request of the FAA, the Sponsor shall provide one copy of the completed audit to the FAA.
17. **Suspension or Debarment.** When entering into a "covered transaction" as defined by 2 CFR § 180.200, the Sponsor must:
 - a. Verify the non-Federal entity is eligible to participate in this Federal program by:
 1. Checking the excluded parties list system (EPLS) as maintained within the System for Award Management (SAM) to determine if the non-Federal entity is excluded or disqualified; or

2. Collecting a certification statement from the non-Federal entity attesting the entity is not excluded or disqualified from participating; or
 3. Adding a clause or condition to covered transactions attesting the individual or firm is not excluded or disqualified from participating.
- b. Require prime contractors to comply with 2 CFR § 180.330 when entering into lower-tier transactions (e.g. sub-contracts).
 - c. Immediately disclose to the FAA whenever the Sponsor (1) learns the Sponsor has entered into a covered transaction with an ineligible entity, or (2) suspends or debar a contractor, person, or entity.

18. Ban on Texting While Driving.

- a. In accordance with Executive Order 13513, Federal Leadership on Reducing Text Messaging While Driving, October 1, 2009, and DOT Order 3902.10, Text Messaging While Driving, December 30, 2009, the Sponsor is encouraged to:
 1. Adopt and enforce workplace safety policies to decrease crashes caused by distracted drivers including policies to ban text messaging while driving when performing any work for, or on behalf of, the Federal government, including work relating to this ACRGP Grant or subgrant funded by this Grant.
 2. Conduct workplace safety initiatives in a manner commensurate with the size of the business, such as:
 - A. Establishment of new rules and programs or re-evaluation of existing programs to prohibit text messaging while driving; and
 - B. Education, awareness, and other outreach to employees about the safety risks associated with texting while driving.
- b. The Sponsor must insert the substance of this clause on banning texting while driving in all subgrants, contracts, and subcontracts funded by this ACRGP Grant.

19. Trafficking in Persons.

- a. You as the recipient, your employees, subrecipients under this ACRGP Grant, and subrecipients' employees may not –
 1. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
 2. Procure a commercial sex act during the period of time that the award is in effect; or
 3. Use forced labor in the performance of the award or subawards under the ACRGP Grant.
- b. The FAA as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity –
 1. Is determined to have violated a prohibition in paragraph A of this ACRGP Grant Agreement term; or
 2. Has an employee who is determined by the agency official authorized to terminate the ACRGP Grant Agreement to have violated a prohibition in paragraph A.1 of this ACRGP Grant term through conduct that is either –

- A. Associated with performance under this ACRGP grant; or
- B. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR Part 180, "OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Nonprocurement)," as implemented by the FAA at 2 CFR Part 1200.
- c. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph A during this ACRGP Grant Agreement.
- d. Our right to terminate unilaterally that is described in paragraph A of this section:
 - 1. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. § 7104(g)), and
 - 2. Is in addition to all other remedies for noncompliance that are available to the FAA under this ACRGP Grant.

20. Employee Protection from Reprisal.

- a. Prohibition of Reprisals —
 - 1. In accordance with 41 U.S.C. § 4712, an employee of a grantee or subgrantee may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in sub-paragraph (A)(2), information that the employee reasonably believes is evidence of:
 - a. Gross mismanagement of a Federal grant;
 - b. Gross waste of Federal funds;
 - c. An abuse of authority relating to implementation or use of Federal funds;
 - d. A substantial and specific danger to public health or safety; or
 - e. A violation of law, rule, or regulation related to a Federal grant.
 - 2. Persons and bodies covered: The persons and bodies to which a disclosure by an employee is covered are as follows:
 - a. A member of Congress or a representative of a committee of Congress;
 - b. An Inspector General;
 - c. The Government Accountability Office;
 - d. A Federal office or employee responsible for oversight of a grant program;
 - e. A court or grand jury;
 - f. A management office of the grantee or subgrantee; or
 - g. A Federal or State regulatory enforcement agency.
 - 3. Submission of Complaint — A person who believes that they have been subjected to a reprisal prohibited by paragraph A of this ACRGP Grant Agreement may submit a complaint regarding the reprisal to the Office of Inspector General (OIG) for the U.S. Department of Transportation.
 - 4. Time Limitation for Submittal of a Complaint — A complaint may not be brought under this subsection more than three years after the date on which the alleged reprisal took place.
 - 5. Required Actions of the Inspector General — Actions, limitations, and exceptions of the Inspector General's office are established under 41 U.S.C. § 4712(b).

6. Assumption of Rights to Civil Remedy — Upon receipt of an explanation of a decision not to conduct or continue an investigation by the Office of Inspector General, the person submitting a complaint assumes the right to a civil remedy under 41 U.S.C. § 4712(c).
21. **Limitations.** Nothing provided herein shall be construed to limit, cancel, annul, or modify the terms of any Federal grant agreement(s), including all terms and assurances related thereto, that have been entered into by the Sponsor and the FAA prior to the date of this ACRGP Grant Agreement.
22. **Face Coverings Policy.** The sponsor agrees to implement a face-covering (mask) policy to combat the spread of pathogens. This policy must include a requirement that all persons wear a mask, in accordance with Centers for Disease Control (CDC) and Transportation Security Administration (TSA) requirements, as applicable, at all times while in all public areas of the airport property, except to the extent exempted under those requirements. This special condition requires the airport sponsor continue to require masks until [Executive Order 13998, Promoting COVID-19 Safety in Domestic and International Travel](#), is no longer effective.

SPECIAL CONDITIONS FOR USE OF ACRGP FUNDS

CONDITIONS FOR ROLLING STOCK/EQUIPMENT -

1. **Equipment or Vehicle Replacement.** The Sponsor agrees that when using funds provided by this grant to replace equipment, the proceeds from the trade-in or sale of such replaced equipment shall be classified and used as airport revenue.
2. **Equipment Acquisition.** The Sponsor agrees that for any equipment acquired with funds provided by this grant, such equipment shall be used solely for purposes directly related to the airport.
3. **Low Emission Systems.** The Sponsor agrees that vehicles and equipment acquired with funds provided in this grant:
 - a. Will be maintained and used at the airport for which they were purchased; and
 - b. Will not be transferred, relocated, or used at another airport without the advance consent of the FAA.

The Sponsor further agrees that it will maintain annual records on individual vehicles and equipment, project expenditures, cost effectiveness, and emission reductions.

CONDITIONS FOR UTILITIES AND LAND -

4. **Utilities Proration.** For purposes of computing the United States' share of the allowable airport operations and maintenance costs, the allowable cost of utilities incurred by the Sponsor to operate and maintain airport(s) included in the Grant must not exceed the percent attributable to the capital or operating costs of the airport.
5. **Utility Relocation in Grant.** The Sponsor understands and agrees that:
 - a. The United States will not participate in the cost of any utility relocation unless and until the Sponsor has submitted evidence satisfactory to the FAA that the Sponsor is legally responsible for payment of such costs;
 - b. FAA participation is limited to those utilities located on-airport or off-airport only where the Sponsor has an easement for the utility; and
 - c. The utilities must serve a purpose directly related to the Airport.
6. **Land Acquisition.** Where funds provided for by this grant are used to acquire land, the Sponsor shall record the grant agreement, including the grant assurances and any and all related requirements, encumbrances, and restrictions that shall apply to such land, in the public land records of the jurisdiction in which the land is located.

The Sponsor's acceptance of this Offer and ratification and adoption of the ACRGP Grant Application incorporated herein shall be evidenced by execution of this instrument by the Sponsor. The Offer and Acceptance shall comprise an ACRGP Grant Agreement, as provided by the CRRSA Act, constituting the contractual obligations and rights of the United States and the Sponsor with respect to this Grant. The effective date of this ACRGP Grant Agreement is the date of the Sponsor's acceptance of this Offer.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

Dated April 8, 2021

UNITED STATES OF AMERICA
FEDERAL AVIATION ADMINISTRATION



(Signature)

E. Lindsay Butler

(Typed Name)

Acting Manager, FAA-DMA-ADO

(Title of FAA Official)

Part II - Acceptance

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the ACRGP Grant Application and incorporated materials referred to in the foregoing Offer under Part I of this ACRGP Grant Agreement, and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the ACRGP Grant Application and all applicable terms and conditions provided for in the CRRSA Act and other applicable provisions of Federal law.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

I declare under penalty of perjury that the foregoing is true and correct. ¹

Dated April 8, 2021

City of Duluth

(Name of Sponsor)



Anna Tanski (Apr 8, 2021 20:37 CDT)

(Signature of Sponsor's Designative Official/Representative)

By: Anna Tanski

(Type Name of Sponsor's Designative Official/Representative)

Title: Director of Sales

(Title of Sponsor's Designative Official/Representative)

¹ Knowingly and willfully providing false information to the Federal government is a violation of 18 U.S.C. Section 1001 (False Statements) and could subject you to fines, imprisonment, or both.

The Sponsor does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the ACRGP Grant Application and incorporated materials referred to in the foregoing Offer under Part I of this ACRGP Grant Agreement, and does hereby accept this Offer and by such acceptance agrees to comply with all of the terms and conditions in this Offer and in the ACRGP Grant Application and all applicable terms and conditions provided for in the CRRSA Act and other applicable provisions of Federal law.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

I declare under penalty of perjury that the foregoing is true and correct. ¹

Dated April 9, 2021

City of Duluth

(Name of Sponsor)



(Signature of Sponsor's Designative Official/Representative)

By: Kimberly J. Maki

(Type Name of Sponsor's Designative Official/Representative)

Title: Duluth Airport Authority Secretary

(Title of Sponsor's Designative Official/Representative)

¹ Knowingly and willfully providing false information to the Federal government is a violation of 18 U.S.C. Section 1001 (False Statements) and could subject you to fines, imprisonment, or both.

CERTIFICATE OF SPONSOR'S ATTORNEY

I, Steven B Hanke, acting as Attorney for the Sponsor do hereby certify:

That in my opinion the Sponsor is empowered to enter into the foregoing Grant Agreement under the laws of the State of Minnesota. Further, I have examined the foregoing Grant Agreement and the actions taken by said Sponsor and Sponsor's official representative has been duly authorized and that the execution thereof is in all respects due and proper and in accordance with the laws of the said State and the CRRSA Act. The Sponsor understands funding made available under this Grant Agreement may only be used to reimburse for airport operational and maintenance expenses, and debt service payments. The Sponsor further understands it may submit a separate request to use funds for new airport/project development purposes, subject to additional terms, conditions, and assurances. Further, it is my opinion that the said Grant Agreement constitutes a legal and binding obligation of the Sponsor in accordance with the terms thereof.

Please read the following information: By signing this document, you are agreeing that you have reviewed the following consumer disclosure information and consent to transact business using electronic communications, to receive notices and disclosures electronically, and to utilize electronic signatures in lieu of using paper documents. You are not required to receive notices and disclosures or sign documents electronically. If you prefer not to do so, you may request to receive paper copies and withdraw your consent at any time.

Dated at April 9, 2021

By: 
Steven B Hanke (Apr 9, 2021 09:37 CDT)
(Signature of Sponsor's Attorney)

AIRPORT CORONAVIRUS RELIEF GRANT PROGRAM (ACRGP) ASSURANCES

AIRPORT SPONSORS

A. General.

1. These Airport Coronavirus Relief Grant Program (ACRGP) Assurances are required to be submitted as part of the application by sponsors requesting funds under the provisions of the Coronavirus Response and Relief Supplemental Appropriations Act of 2020 (CRRSA Act or "the Act"), Public Law 116-260. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
2. Upon acceptance of this ACRGP Grant offer by the sponsor, these assurances are incorporated into and become part of this ACRGP Grant Agreement.

B. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this ACRGP Grant that:

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance, and use of Federal funds for this ACRGP Grant including but not limited to the following:

FEDERAL LEGISLATION

- a. 49 U.S.C. Chapter 471, as applicable
- b. Davis-Bacon Act — 40 U.S.C. 276(a), et. seq.
- c. Federal Fair Labor Standards Act — 29 U.S.C. 201, et. seq.
- d. Hatch Act — 5 U.S.C. 1501, et. seq. ²
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et. seq.
- f. National Historic Preservation Act of 1966 — Section 106 — 16 U.S.C. 470(f).
- g. Archeological and Historic Preservation Act of 1974 — 16 U.S.C. 469 through 469c.
- h. Native Americans Grave Repatriation Act — 25 U.S.C. Section 3001, et. seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 — Section 102(a) — 42 U.S.C. 4012a.
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f)).
- m. Rehabilitation Act of 1973 — 29 U.S.C. 794.
- n. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin).
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).

- p. Age Discrimination Act of 1975 — 42 U.S.C. 6101, et. seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- r. Architectural Barriers Act of 1968 — 42 U.S.C. 4151, et. seq.
- s. Power plant and Industrial Fuel Use Act of 1978 — Section 403- 2 U.S.C. 8373.
- t. Contract Work Hours and Safety Standards Act — 40 U.S.C. 327, et. seq.
- u. Copeland Anti-kickback Act — 18 U.S.C. 874.1.
- v. National Environmental Policy Act of 1969 — 42 U.S.C. 4321, et. seq.
- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 — 31 U.S.C. 7501, et. seq. ²
- y. Drug-Free Workplace Act of 1988 — 41 U.S.C. 702 through 706.
- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

EXECUTIVE ORDERS

- a. Executive Order 11246 – Equal Employment Opportunity
- b. Executive Order 11990 – Protection of Wetlands
- c. Executive Order 11998 – Flood Plain Management
- d. Executive Order 12372 – Intergovernmental Review of Federal Programs
- e. Executive Order 12699 – Seismic Safety of Federal and Federally Assisted New Building Construction
- f. Executive Order 12898 – Environmental Justice
- g. Executive Order 14005 – Ensuring the Future Is Made in All of America by All of America's Workers.

FEDERAL REGULATIONS

- a. 2 CFR Part 180 – OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement).
- b. 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. ^{3,4}
- c. 2 CFR Part 1200 – Nonprocurement Suspension and Debarment.
- d. 28 CFR Part 35 – Discrimination on the Basis of Disability in State and Local Government Services.
- e. 28 CFR § 50.3 – U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- f. 29 CFR Part 1 – Procedures for predetermination of wage rates. ¹
- g. 29 CFR Part 3 – Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States. ¹

- h. 29 CFR Part 5 – Labor standards provisions applicable to contracts covering Federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act). ¹
- i. 41 CFR Part 60 – Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and Federally assisted contracting requirements). ¹
- j. 49 CFR Part 20 – New restrictions on lobbying.
- k. 49 CFR Part 21 – Nondiscrimination in Federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- l. 49 CFR Part 23 – Participation by Disadvantage Business Enterprise in Airport Concessions.
- m. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Program.
- n. 49 CFR Part 27 – Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance. ¹
- o. 49 CFR Part 28 – Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- p. 49 CFR Part 30 – Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- q. 49 CFR Part 32 – Government-wide Requirements for Drug-Free Workplace (Financial Assistance).
- r. 49 CFR Part 37 – Transportation Services for Individuals with Disabilities (ADA).
- s. 49 CFR Part 41 – Seismic safety of Federal and Federally assisted or regulated new building construction.

FOOTNOTES TO ASSURANCE ACRGP ASSURANCE B.1.

- ¹ These laws do not apply to airport planning sponsors.
- ² These laws do not apply to private sponsors.
- ³ Cost principles established in 2 CFR Part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses
- ⁴ Audit requirements established in 2 CFR Part 200 subpart F are the guidelines for audits.

SPECIFIC ASSURANCES

Specific assurances required to be included in grant agreements by any of the above laws, regulations, or circulars are incorporated by reference in this Grant Agreement.

1. Purpose Directly Related to the Airport

It certifies that the reimbursement sought is for a purpose directly related to the airport.

2. Responsibility and Authority of the Sponsor.

a. Public Agency Sponsor:

It has legal authority to apply for this Grant, and to finance and carry out the proposed grant; that an official decision has been made by the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing

and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

b. **Private Sponsor:**

It has legal authority to apply for this Grant and to finance and carry out the proposed Grant and comply with all terms, conditions, and assurances of this Grant Agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. Good Title.

It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.

4. Preserving Rights and Powers.

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this Grant Agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish, or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
- b. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with this Grant Agreement.
- c. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations, and the terms and conditions of this Grant Agreement.

5. Consistency with Local Plans.

Any project undertaken by this Grant Agreement is reasonably consistent with plans (existing at the time of submission of the ACGRP application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

6. Consideration of Local Interest.

It has given fair consideration to the interest of communities in or near where any project undertaken by this Grant Agreement may be located.

7. Consultation with Users.

In making a decision to undertake any airport development project undertaken by this Grant Agreement, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

8. Pavement Preventative Maintenance.

With respect to a project undertaken by this Grant Agreement for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed, or repaired with Federal financial assistance at the airport, including ACRGP funds provided under this Grant Agreement. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

9. Accounting System, Audit, and Record Keeping Requirements.

- a. It shall keep all Grant accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this Grant, the total cost of the Grant in connection with which this Grant is given or used, and the amount or nature of that portion of the cost of the Grant supplied by other sources, and such other financial records pertinent to the Grant. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this Grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a Grant or relating to the Grant in connection with which this Grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

10. Minimum Wage Rates.

It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

11. Veteran's Preference.

It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

12. Operation and Maintenance.

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and

operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-

1. Operating the airport's aeronautical facilities whenever required;
 2. Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
 3. Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

13. Hazard Removal and Mitigation.

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

14. Compatible Land Use.

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft.

15. Exclusive Rights.

The sponsor shall not grant an exclusive right to use an air navigation facility on which this Grant has been expended. However, providing services at an airport by only one fixed-based operator is not an exclusive right if—

- a. it is unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide the services; and
- b. allowing more than one fixed-based operator to provide the services requires a reduction in space leased under an agreement existing on September 3, 1982, between the operator and the airport.

16. Airport Revenues.

- a. This Grant shall be available for any purpose for which airport revenues may lawfully be used to prevent, prepare for, and respond to coronavirus. Funds provided under this ACRGP Grant Agreement will only be expended for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport(s) subject to this agreement and all applicable addendums for costs related to

operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments as prescribed in the Act

- b. For airport development, 49 U.S.C. § 47133 applies.

17. Reports and Inspections.

It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
 - 1. all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
 - 2. all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

18. Land for Federal Facilities.

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

19. Airport Layout Plan.

- a. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, it will keep up to date at all times an airport layout plan of the airport showing:
 - 1. boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;
 - 2. the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities;
 - 3. the location of all existing and proposed non-aviation areas and of all existing improvements thereon; and
 - 4. all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan

as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.

- b. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, if a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

20. Civil Rights.

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this Grant.

- a. Using the definitions of activity, facility, and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR Part 21, the sponsor will facilitate all programs, operate all facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by or pursuant to these assurances.
- b. Applicability
 - 1. Programs and Activities. If the sponsor has received a grant (or other Federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities
 - 2. Facilities. Where it receives a grant or other Federal financial assistance to construct, expand, renovate, remodel, alter, or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.
 - 3. Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of, real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.
- c. Duration

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

 - 1. So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
 - 2. So long as the sponsor retains ownership or possession of the property.
- d. Required Solicitation Language

It will include the following notification in all solicitations for bids, Requests for Proposals for work, or material under this Grant and in all proposals for agreements, including airport concessions, regardless of funding source:

"The **City of Duluth**, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that for any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award."

e. Required Contract Provisions.

1. It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally-assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT Acts and regulations.
2. It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.
3. It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.
4. It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:
 - A. For the subsequent transfer of real property acquired or improved under the applicable activity, grant, or program; and
 - B. For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, grant, or program.
 - C. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
 - D. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

21. Foreign Market Restrictions.

It will not allow funds provided under this Grant to be used to fund any activity that uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

22. Policies, Standards and Specifications.

It will carry out any project funded under an Airport Coronavirus Relief Program Grant in accordance with policies, standards, and specifications approved by the Secretary including, but not limited to, current FAA Advisory Circulars for AIP projects, as of February 16, 2021, included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.

23. Access By Intercity Buses.

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

24. Disadvantaged Business Enterprises.

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (ACDBE) programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

25. Acquisition Thresholds.

The FAA deems equipment to mean tangible personal property having a useful life greater than one year and a per-unit acquisition cost equal to or greater than \$5,000. Procurements by micro-purchase means the acquisition of goods or services for which the aggregate dollar amount does not exceed \$10,000, unless authorized in accordance with 2 CFR § 200.320. Procurement by small purchase procedures means those relatively simple and informal procurement methods for securing goods or services that do not exceed the \$250,000 threshold for simplified acquisitions.

Current FAA Advisory Circulars Required for Use in AIP Funded and PFC Approved Projects

View the most current Series 150 Advisory Circulars (ACs) for Airport Projects at
http://www.faa.gov/airports/resources/advisory_circulars and
http://www.faa.gov/regulations_policies/advisory_circulars

Duluth Airport Authority

DAA Board Packet Budget vs. Actual Summary

Jan 2021, Feb 2021

Unaudited

Financial Row	Prior Year Actual (Jan 2019 - Feb 2020)	Current Year Actual (Jan 2021 - Feb 2021)	Budget Amount (Jan 2021 - Feb 2021)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2021 - Adjust 2021)
Ordinary Income/Expense							
Income							
Non-Aeronautical Revenue	3,974,409	651,004	345,634	188.35%	(3,323,405)	305,370	1,865,240
Non-Passenger Aeronautical Revenue	1,864,117	248,916	245,787	101.27%	(1,615,201)	3,128	1,455,426
Passenger Airline Aeronautical Revenue	1,704,390	222,812	206,084	108.12%	(1,481,578)	16,729	1,281,878
Total - Income	7,542,916	1,122,732	797,506	140.78%	(6,420,184)	325,227	4,602,544
Gross Profit	7,542,916	1,122,732	797,506	140.78%	(6,420,184)	325,227	4,602,544
Expense							
Miscellaneous Expenses	51,960	1,488	5,644	26.37%	(50,471)	(4,156)	32,660
Personnel Compensation & Benefits	2,551,261	301,679	373,100	80.86%	(2,249,582)	(71,422)	2,460,392
Services and Charges	2,021,137	320,436	332,219	96.45%	(1,700,702)	(11,783)	1,877,099
Supplies	717,499	191,015	98,072	194.77%	(526,484)	92,943	574,230
Total - Expense	5,341,857	814,617	809,035	100.69%	(4,527,240)	5,582	4,944,381
Net Ordinary Income	2,201,059	308,115	(11,530)	-2,672.40%	(1,892,945)	319,644	(341,838)
Other Income and Expenses							
Other Income							
Non-Operating Revenue	821,360	57,753	54,743	105.50%	(763,607)	3,010	365,939
Total - Other Income	821,360	57,753	54,743	105.50%	(763,607)	3,010	365,939
Other Expense							
Non-Operating Expense	349,721	41,441	54,774	75.66%	(308,280)	(13,333)	328,644
Total - Other Expense	349,721	41,441	54,774	75.66%	(308,280)	(13,333)	328,644
Net Other Income	471,639	16,312	(31)	-52,232.12%	(455,327)	16,343	-37,295
Net Income Exclusive of Project Expenses, Depreciation & Amortization	2,672,699	324,427	(11,561)	-2,806.28%	(2,348,272)	335,988	(304,543)
Projects/Grants	10,146,374	(4,446,344)	1,481,333	-300.16%	(14,592,718)	(5,927,677)	8,888,000
Depreciation & Amortization	(11,936,121)	0	(1,675,895)	0.00%	11,936,121	1,675,895	(10,055,370)
Net Income	882,952	(4,121,917)	(206,122)	1,999.74%	(5,004,869)	(3,915,795)	(1,471,913)

- * This report is based on an allocated budget, which is seasonally adjusted. At this time the DAA is at a positive variance budget vs actual of over 335k.
- * The positive variance is inflated due to the MAG reconciliation for the parking lot of \$330,923.82. Taking this out we would have a positive variance of just over 5k.
- * No CARES or CRSSA expense reimbursements have been requested in 2021.
- * The results of this report are expected to change slightly with audit adjustments as well as delayed revenue and expense postings.
- * The largest variance from budget in revenues comes the parking concession while other concessions are very close to budget. Non-passenger aeronautical revenue is only ~3k off from budget.
- * The largest variance from budget in expenses come from the boiler replacement project. Expenses are over \$5k over budget.
- * Non-operating income is close to budget with PFCs coming in higher than expected, while expenses are down due budgeted line of credit interest which hasn't been utilized for a total positive variance of over \$16k.

Duluth Airport Authority
Balance Sheet
End of Feb 2021

Financial Row	Amount
ASSETS	
Current Assets	
Bank	
Lottery Account	\$5,379.13
Petty Cash	\$68.58
Pooled Cash - City Balance	\$4,358,879.86
Total Bank	\$4,364,327.57
Accounts Receivable	
Accounts Receivable - Restricted PFC	\$53,111.69
Accounts Receivable Billed	\$964,780.56
Lottery Sales Receivable	(\$2,389.00)
Total Accounts Receivable	\$1,015,503.25
Other Current Asset	\$79,166.48
Total Current Assets	\$5,458,997.30
Fixed Assets	\$120,942,366.14
Other Assets	
Accumulated Amortization	(\$1,984,854.42)
Airport Planning Projects - Contributed	\$3,733,532.07
Airport Planning Projects - Invested	\$526,847.41
Deferred Outflows - OPEB	\$22,744.00
Deferred Outflows - Pension	\$121,939.00
Total Other Assets	\$2,420,208.06
Total ASSETS	\$128,821,571.50
Liabilities & Equity	
Current Liabilities	
Accounts Payable	
Accounts Payable	\$263,534.63
Contracts Payable	\$161,412.41
Lottery Payable	\$387.09
Total Accounts Payable	\$425,334.13
Credit Card	\$437.90
Other Current Liability	
Accrued Expense	\$7,533.32
Accrued Interest	\$41,440.64
Accrued Vacation	\$123,329.30
Deferred Inflows - OPEB Liabilities	\$155,208.00
Deferred Inflows - Pension	\$72,479.00
Loans Payable to City of Duluth	\$965,000.00
Unearned Revenue - Current	\$429,500.00
Unearned Revenue - Non Current	\$201,550.94
Total Other Current Liability	\$1,996,041.20
Total Current Liabilities	\$2,421,813.23
Long Term Liabilities	
LT Loans Payable to City of Duluth	\$6,495,000.00
Net Pension Liability	\$1,175,111.00
Total Other Post Employment Benefit Liability	\$2,907,972.87
Total Long Term Liabilities	\$10,578,083.87
Equity	
Contributed Equity	\$16,621,668.70
Retained Earnings	\$103,321,922.76
Net Income	(\$4,121,917.06)
Total Equity	\$115,821,674.40
Total Liabilities & Equity	\$128,821,571.50

Duluth Airport Authority
Income Statement
Jan 2021, Feb 2021

Financial Row	Amount
Ordinary Income/Expense	
Income	
Non-Aeronautical Revenue	
Advertising Income	\$950.00
Concession Revenue	
ATM	\$40.50
Car Rental Concession	\$36,606.87
Food & Beverage Concession	\$3,800.35
Lottery Concessions	\$344.98
Parking	\$404,721.47
Per Passenger Fee	\$844.00
Services/Other	\$100.00
TNC Per Trip Fee	\$598.50
Vending	\$300.32
Total - Concession Revenue	\$447,356.99
Customer Facility Charges	\$17,396.00
Miscellaneous Revenues	\$3,659.53
Parking	\$69,617.86
Permits	\$3,031.01
Plowing Services	\$4,050.00
Reimbursed Expenses	\$16,072.52
Rent	\$41,194.71
Sponsorship Income	\$50,000.00
State Aid	(\$2,324.40)
Total - Non-Aeronautical Revenue	\$651,004.22
Non-Passenger Aeronautical Revenue	
Aviation Gas	\$1,686.95
Concession Revenue	\$14,269.87
Landing Fees	\$5,360.72
Ramp Fees	\$3,099.36
Rent	\$208,357.49
Security Reimbursement	\$16,141.34
Total - Non-Passenger Aeronautical Revenue	\$248,915.73
Passenger Airline Aeronautical Revenue	
Landing Fees	\$40,237.95
Terminal Office/Space Rental	\$182,574.40
Total - Passenger Airline Aeronautical Revenue	\$222,812.35
Total - Income	\$1,122,732.30
Gross Profit	\$1,122,732.30
Expense	
Miscellaneous Expenses	
Miscellaneous Expenses	\$80.31
Licenses & Taxes	\$140.00
Memberships, Dues & Subscriptions	\$445.00
Transaction Fees	\$822.98
Total - Miscellaneous Expenses	\$1,488.29
Personnel Compensation & Benefits	
Employer Contributions for Retirement	\$25,280.74
Employer Paid Insurance	\$60,383.73
Retiree Benefits	\$18,318.00
Wages & Salaries	\$197,696.18
Total - Personnel Compensation & Benefits	\$301,678.65
Services and Charges	
Advertising	\$500.00
Central Services Fee	\$7,533.32
Communications & Technology	\$62,635.69

Financial Row	Amount
Employee Development Services	\$4,844.72
Employee Physicals	\$293.00
Finance Charge	\$8.03
Marketing	\$3,224.14
Professional Services	\$49,499.71
Rentals	\$918.11
Repairs and Maintenance - Contractual/Services	
Repairs and Maintenance - Contractual/Services	\$60.00
Building	\$45,702.21
Elevator & Escalator Services	\$2,531.62
Equipment	\$2,947.80
Inspections	\$2,032.49
Janitorial & Cleaning - Main	\$31,109.64
Jet Bridge Repairs	\$475.00
Laundry Service	\$506.08
Pest Control	\$350.50
Safety & Environmental	\$180.00
Total - Repairs and Maintenance - Contractual/Services	\$85,895.34
Transportation	(\$24.77)
Utility Services	\$105,108.28
Total - Services and Charges	\$320,435.57
Supplies	
Office Supplies	\$9,222.31
Operating Supplies	\$22,314.84
Repairs & Maintenance Supplies	\$159,477.70
Total - Supplies	\$191,014.85
Total - Expense	\$814,617.36
Net Ordinary Income	\$308,114.94
Other Income and Expenses	
Other Income	
Capital Contributions	
Contributed Capital	\$12,537.62
Grants	(\$4,458,881.71)
Total - Capital Contributions	(\$4,446,344.09)
Non-Operating Revenue	
Interest Income	\$4,641.04
Passenger Facility Charges	\$53,111.69
Total - Non-Operating Revenue	\$57,752.73
Total - Other Income	(\$4,388,591.36)
Other Expense	
Non-Operating Expense	
Interest Expense	\$41,440.64
Total - Non-Operating Expense	\$41,440.64
Total - Other Expense	\$41,440.64
Net Other Income	(\$4,430,032.00)
Net Income	(\$4,121,917.06)

Duluth Airport Authority
Duluth A/R Aging Report
As of April 14, 2021

III K

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

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT	3/15/2021 - 4/13/2021 (30)	2/13/2021 - 3/14/2021 (60)	1/14/2021 - 2/12/2021 (90)	BEFORE 1/14/2021 (>90)	TOTAL
						Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance
Avis Rent A Car						\$0.00	\$10,713.90	\$0.00	\$0.00	\$26,477.63	\$37,191.53
BKR Investments DBA Duluth Pack	Invoice	4/5/2021	8055	5/5/2021	9	\$0.00	\$225.00	\$0.00	\$0.00	\$0.00	\$225.00
Briden, Tom	Invoice	4/5/2021	8098	5/5/2021	9	\$0.00	\$196.81	\$0.00	\$0.00	\$0.00	\$196.81
Budget Rent A Car						\$0.00	\$1,483.63	\$0.00	\$0.00	\$22,923.95	\$24,407.58
Case, Ronald Jr.						\$0.00	\$0.00	\$0.00	(\$510.00)	\$0.00	(\$510.00)
Chandler, Daniel	Invoice	4/8/2021	8110	5/8/2021	6	\$0.00	\$102.00	\$0.00	\$0.00	\$0.00	\$102.00
Churchill, Sean	Invoice	4/1/2021	8096	5/1/2021	13	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Cirrus Design Corporation						\$0.00	\$10,753.04	\$8,300.67	\$357.14	(\$2,836.00)	\$16,574.85
City of Duluth						\$0.00	\$1,645.57	\$1,020.57	\$0.00	\$0.00	\$2,666.14
Clobes, Nathan	Invoice	4/8/2021	8111	5/8/2021	6	\$0.00	\$153.00	\$0.00	\$0.00	\$0.00	\$153.00
Compudyne	Invoice	4/5/2021	8078	5/5/2021	9	\$0.00	\$30.77	\$0.00	\$0.00	\$0.00	\$30.77
Country Inn & Suites	Payment	4/13/2021	7226	4/13/2021	1	\$0.00	(\$200.00)	\$0.00	\$0.00	\$0.00	(\$200.00)
DATM, LLC	Invoice	2/28/2021	8047	3/30/2021	45	\$0.00	\$0.00	\$19.50	\$0.00	\$0.00	\$19.50
Delta Airlines						\$0.00	\$68,010.02	\$62,112.28	\$0.16	\$0.00	\$130,122.46
Divine Carriers	Invoice	4/5/2021	8069	5/5/2021	9	\$0.00	\$126.33	\$0.00	\$0.00	\$0.00	\$126.33
Donald J. Trump for President, Inc.	Invoice	9/30/2020	7431	9/30/2020	196	\$0.00	\$0.00	\$0.00	\$0.00	\$15,000.00	\$15,000.00
Duluth Economic Development Authority						\$0.00	\$675.00	\$2,025.00	\$0.00	\$0.00	\$2,700.00
Duluth Hangar, LLC	Invoice	4/5/2021	8080	5/5/2021	9	\$0.00	\$734.50	\$0.00	\$0.00	\$0.00	\$734.50
Enbridge Energy, Inc.						\$0.00	\$0.00	\$0.00	\$0.00	\$3,200.00	\$3,200.00
Enterprise Leasing Company						\$0.00	(\$0.01)	\$0.00	\$0.00	\$97,215.42	\$97,215.41
Federal Aviation Administration	Payment	4/8/2021	7197	4/8/2021	6	\$0.00	(\$65.00)	\$0.00	\$0.00	\$0.00	(\$65.00)
Federal Express Corporation	Invoice	3/18/2021	8014	4/17/2021	27	\$0.00	\$860.00	\$0.00	\$0.00	\$0.00	\$860.00
General Services Administration						\$0.00	\$5,102.40	\$0.00	\$0.00	\$0.00	\$5,102.40
Goritchan Boris						\$0.00	\$0.00	\$0.00	\$0.00	\$879.00	\$879.00
Grimsbo, Gerald	Invoice	2/10/2020	6437	3/11/2020	429	\$0.00	\$0.00	\$0.00	\$0.00	\$412.00	\$412.00
GSSC	Invoice	3/18/2021	8017	4/17/2021	27	\$0.00	\$65.00	\$0.00	\$0.00	\$0.00	\$65.00
Hagberg, Rick	Invoice	4/5/2021	8092	5/5/2021	9	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Hall John	Invoice	4/5/2021	8057	5/5/2021	9	\$0.00	\$277.39	\$0.00	\$0.00	\$0.00	\$277.39
Harris, Melissa	Invoice	12/2/2020	7595	1/1/2021	133	\$0.00	\$0.00	\$0.00	\$0.00	\$102.00	\$102.00
Hermantown Hydraulics						\$0.00	\$639.58	\$639.58	\$0.00	\$0.00	\$1,279.16
Hertz-Overland West						\$0.00	\$4,219.93	\$0.00	\$0.00	\$56,378.12	\$60,598.05

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT Open Balance	3/15/2021 - 4/13/2021 (30) Open Balance	2/13/2021 - 3/14/2021 (60) Open Balance	1/14/2021 - 2/12/2021 (90) Open Balance	BEFORE 1/14/2021 (>90) Open Balance	TOTAL Open Balance
Hillman Colin	Invoice	4/1/2021	8142	5/14/2021	13	\$0.00	\$240.00	\$0.00	\$0.00	\$0.00	\$240.00
Hydro Solutions, Inc.	Invoice	4/5/2021	8059	5/5/2021	9	\$0.00	\$3,466.75	\$0.00	\$0.00	\$0.00	\$3,466.75
Informa	Invoice	12/15/2020	7633	1/14/2021	120	\$0.00	\$0.00	\$0.00	\$0.00	\$2,000.00	\$2,000.00
Johnson, Richard	Invoice	4/5/2021	8085	5/5/2021	9	\$0.00	\$443.70	\$0.00	\$0.00	\$0.00	\$443.70
Johnston, Paul	Invoice	4/5/2021	8097	5/5/2021	9	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Kern & Kompany	Invoice	9/21/2020	7319	10/21/2020	205	\$0.00	\$0.00	\$0.00	\$0.00	\$65.00	\$65.00
Lake Country Air, LLC						\$0.00	\$455.00	\$0.00	\$455.00	\$0.00	\$910.00
Lake Superior College	Invoice	4/5/2021	8073	5/5/2021	9	\$0.00	\$34,468.27	\$0.00	\$0.00	\$0.00	\$34,468.27
Lake Superior Helicopters						\$0.00	\$2,374.45	\$0.00	\$0.00	\$4,591.38	\$6,965.83
M & M Light Transport	Payment	2/3/2021	6982	2/3/2021	70	\$0.00	\$0.00	\$0.00	(\$193.35)	\$0.00	(\$193.35)
Magaard, Diana	Invoice	1/15/2021	7785	2/14/2021	89	\$0.00	\$0.00	\$0.00	\$50.00	\$0.00	\$50.00
Marsden BLD Maint. DBA Crystal Clean of the North	Invoice	3/18/2021	8024	4/17/2021	27	\$0.00	\$315.00	\$0.00	\$0.00	\$0.00	\$315.00
Maurices, Inc.	Invoice	4/5/2021	8051	5/5/2021	9	\$0.00	\$1,500.00	\$0.00	\$0.00	\$0.00	\$1,500.00
Miner's Outdoor Adventures, LLC	Payment	1/19/2021	6925	1/19/2021	85	\$0.00	\$0.00	\$0.00	(\$15.70)	\$0.00	(\$15.70)
Minnesota Air National Guard	Invoice	3/12/2021	8002	4/11/2021	33	\$0.00	\$0.00	\$5,950.00	\$0.00	\$0.00	\$5,950.00
Minnesota Power	Invoice	4/5/2021	8063	5/5/2021	9	\$0.00	\$446.18	\$0.00	\$0.00	\$0.00	\$446.18
Monaco Air Duluth						\$0.00	\$6,123.35	\$0.00	\$0.00	\$0.00	\$6,123.35
Mountain Air Cargo						\$0.00	\$1,549.68	\$1,549.68	\$0.00	\$0.00	\$3,099.36
Northland Constructors, Inc.	Invoice	4/5/2021	8067	5/5/2021	9	\$0.00	\$181.50	\$0.00	\$0.00	\$0.00	\$181.50
Oakwells CR, LLC						\$0.00	\$2,491.70	\$0.00	\$0.00	\$55,375.86	\$57,867.56
Opack Matthew Jr.	Invoice	4/5/2021	8099	5/5/2021	9	\$0.00	\$196.81	\$0.00	\$0.00	\$0.00	\$196.81
Palmer, John	Invoice	4/5/2021	8100	5/5/2021	9	\$0.00	\$196.81	\$0.00	\$0.00	\$0.00	\$196.81
Parsons Electric	Invoice	3/18/2021	8026	4/17/2021	27	\$0.00	\$65.00	\$0.00	\$0.00	\$0.00	\$65.00
Parthe, Lance						\$0.00	\$250.35	\$250.35	\$250.35	\$0.00	\$751.05
Payne, Robert	Invoice	4/5/2021	8083	5/5/2021	9	\$0.00	\$250.35	\$0.00	\$0.00	\$0.00	\$250.35
QMS, INC.						\$0.00	\$288.64	\$39.84	\$43.20	\$0.00	\$371.68
Rathbun, David	Invoice	4/5/2021	8091	5/5/2021	9	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Reabe, Troy	Invoice	4/5/2021	8094	5/5/2021	9	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Rehabilitation Counselors, Inc.	Payment	8/19/2019	5002	8/19/2019	604	\$0.00	\$0.00	\$0.00	\$0.00	(\$75.00)	(\$75.00)
Republic Parking System	Invoice	1/31/2021	8046	3/2/2021	73	\$0.00	\$0.00	\$0.00	\$330,923.82	\$0.00	\$330,923.82
RS&H	Invoice	4/5/2021	8081	5/5/2021	9	\$0.00	\$2,067.56	\$0.00	\$0.00	\$0.00	\$2,067.56
Safstrom Jon	Payment	3/3/2021	7092	3/3/2021	42	\$0.00	\$0.00	(\$167.00)	\$0.00	\$0.00	(\$167.00)
Saint Louis County	Payment	3/10/2021	7130	3/10/2021	35	\$0.00	\$0.00	(\$337.00)	\$0.00	\$0.00	(\$337.00)
Saran, Rajiv	Payment	4/8/2021	7220	4/8/2021	6	\$0.00	(\$153.00)	\$0.00	\$0.00	\$0.00	(\$153.00)
Sayles Gregory & Karen	Invoice	12/15/2020	7644	1/14/2021	120	\$0.00	\$0.00	\$0.00	\$0.00	\$2,000.00	\$2,000.00
Security Jewelers	Invoice	4/5/2021	8082	5/5/2021	9	\$0.00	\$250.00	\$0.00	\$0.00	\$0.00	\$250.00
Simplex Grinnell	Invoice	3/25/2021	8044	4/24/2021	20	\$0.00	\$115.00	\$0.00	\$0.00	\$0.00	\$115.00
Stevens, Mike						\$0.00	\$193.35	\$193.35	\$0.00	\$0.00	\$386.70
Sydow Dan						\$0.00	\$250.35	\$250.35	\$0.00	\$0.00	\$500.70
The Jamar Company	Invoice	3/18/2021	8020	4/17/2021	27	\$0.00	\$115.00	\$0.00	\$0.00	\$0.00	\$115.00

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT Open Balance	3/15/2021 - 4/13/2021 (30) Open Balance	2/13/2021 - 3/14/2021 (60) Open Balance	1/14/2021 - 2/12/2021 (90) Open Balance	BEFORE 1/14/2021 (>90) Open Balance	TOTAL Open Balance
The Landline Company						\$0.00	\$3,550.14	\$0.00	\$471.00	\$0.00	\$4,021.14
Torgerson, Matthew	Invoice	7/15/2019	5413	8/14/2019	639	\$0.00	\$0.00	\$0.00	\$0.00	\$60.00	\$60.00
Transportation Security Administration	Invoice	4/9/2021	8129	5/9/2021	5	\$0.00	\$8,391.00	\$0.00	\$0.00	\$0.00	\$8,391.00
unifi	Invoice	3/18/2021	8013	4/17/2021	27	\$0.00	\$115.00	\$0.00	\$0.00	\$0.00	\$115.00
United Airlines						\$26,135.67	\$0.00	\$0.00	\$0.00	\$0.00	\$26,135.67
United Parcel Service	Invoice	3/18/2021	8027	4/17/2021	27	\$0.00	\$190.00	\$0.00	\$0.00	\$0.00	\$190.00
Werpy, Jonas						\$0.00	\$193.35	\$0.00	\$0.00	\$125.00	\$318.35
Wicklein, John	Invoice	4/14/2021	8139	5/14/2021	0	\$153.00	\$0.00	\$0.00	\$0.00	\$0.00	\$153.00
Williams, Ron	Invoice	4/5/2021	8095	5/5/2021	9	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Total						\$26,288.67	\$177,490.25	\$81,847.17	\$331,831.62	\$283,894.36	\$901,352.07



DULUTH AIRLINE STATISTICS ALL SCHEDULED AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2020/2021 PASS. INCREASE/DECREASE			
	2019	2020	2021	2019	2020	2021	2019	2020	2021	ORIG	% DIFF	TOTAL	% DIFF
JAN	9,589	12,946	5,183	8,729	11,437	4,677	18,318	24,383	9,860	(7,763)	(59.96)	(14,523)	(59.56)
FEB	8,663	12,774	5,182	8,229	12,337	5,041	16,892	25,111	10,223	(7,592)	(59.43)	(14,888)	(59.29)
MAR	12,498	7,703	7,169	12,124	8,842	6,544	24,622	16,545	13,713	(534)	(6.93)	(2,832)	(17.12)
APR	11,429	577	-	11,631	666	-	23,060	1,243	-				
MAY	12,376	849	-	12,744	638	-	25,120	1,487	-				
JUN	14,727	1,494	-	15,576	1,526	-	30,303	3,020	-				
JUL	16,096	3,121	-	16,016	3,327	-	32,112	6,448	-				
AUG	16,868	5,727	-	16,846	5,754	-	33,714	11,481	-				
SEP	15,070	5,664	-	13,676	5,666	-	28,746	11,330	-				
OCT	15,224	5,652	-	14,568	5,059	-	29,792	10,711	-				
NOV	12,461	4,418	-	12,341	4,349	-	24,802	8,767	-				
DEC	12,850	4,449	-	13,649	4,533	-	26,499	8,982	-				
TOTAL	157,851	65,374	17,534	156,129	64,134	16,262	313,980	129,508	33,796	(15,889)	(42.11)	(32,243)	(45.32)

TOTALS WITH CHARTER INCLUDED

Month	Enplanements			Deplanements			Total
	2019	2020	2021	2019	2020	2021	
JAN	9,876	13,252	5,183	9,016	11,743	4,677	9,860
FEB	8,663	12,950	5,214	8,229	12,513	5,073	10,287
MAR	12,818	7,703	7,204	12,444	8,842	6,579	13,783
APR	11,666	577	-	11,631	666	-	-
MAY	12,687	849	-	13,234	638	-	-
JUN	14,895	1,494	-	15,744	1,526	-	-
JUL	16,390	3,121	-	16,310	3,327	-	-
AUG	16,982	5,727	-	17,161	5,754	-	-
SEP	15,400	5,664	-	14,006	5,666	-	-
OCT	15,224	5,823	-	14,568	5,230	-	-
NOV	12,761	4,508	-	12,641	4,439	-	-
DEC	12,850	4,449	-	13,649	4,533	-	-
Total	160,212	66,117	17,601	158,633	64,877	16,329	33,930

DULUTH AIRLINE STATISTICS DELTA AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2020/2021 PASS. INCREASE/DECREASE			
	2019	2020	2021	2019	2020	2021	2019	2020	2021	ORIG	%DIFF	TOTAL	%DIFF
JAN	5,402	6,698	3,814	5,053	6,026	3,629	10,455	12,724	7,443	(2,884)	(43.06)	(5,281)	(41.50)
FEB	4,281	6,401	3,916	4,082	6,244	3,890	8,363	12,645	7,806	(2,485)	(38.82)	(4,839)	(38.27)
MAR	7,153	3,973	4,668	7,108	4,777	4,379	14,261	8,750	9,047	695	17.49	297	3.39
APR	6,867	331		6,882	438		13,749	769	-				
MAY	7,035	374		7,187	377		14,222	751	-				
JUN	7,542	685		7,706	680		15,248	1,365	-				
JUL	8,748	2,122		8,648	2,277		17,396	4,399	-				
AUG	8,673	3,487		8,437	3,595		17,110	7,082	-				
SEP	8,092	3,941		7,389	3,908		15,481	7,849	-				
OCT	8,041	3,576		7,727	3,411		15,768	6,987	-				
NOV	7,409	3,000		7,427	2,985		14,836	5,985	-				
DEC	6,911	3,029		7,131	3,131		14,042	6,160	-				
TOTAL	86,154	37,617	12,398	84,777	37,849	11,898	170,931	75,466	24,296	(4,674)	(21.46)	(9,823)	(25.46)

2021 Month	Non Rev	Revenue	2021 Non Rev	Revenue	Total
JAN	150	3,664	163	3,466	7,443
FEB	150	3,766	157	3,733	7,806
MAR	148	4,320	162	4,217	8,847
APR					
MAY					
JUN					
JUL					
AUG					
SEP					
OCT					
NOV					
DEC					
Total	448	11,750	482	11,416	24,096

DULUTH AIRLINE STATISTICS

UNITED AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2020/2021 PASS. INCREASE/DECREASE			
	2019	2020	2021	2019	2020	2021	2019	2020	2021	ORIG	%DIFF	TOTAL	%DIFF
JAN	4,187	4,031	1,369	3,676	3,300	1,048	7,863	7,331	2,417	(2,662)	(66.04)	(4,914)	(67.03)
FEB	4,382	3,850	1,266	4,147	3,678	1,151	8,529	7,528	2,417	(2,584)	(67.12)	(5,111)	(67.89)
MAR	5,345	2,168	2,501	5,016	2,351	2,165	10,361	4,519	4,666	333	15.36	147	3.25
APR	4,562	122		4,749	128		9,311	250	-				
MAY	4,851	475		4,891	261		9,742	736	-				
JUN	5,271	809		5,653	846		10,924	1,655	-				
JUL	5,109	999		5,093	1,050		10,202	2,049	-				
AUG	6,041	2,240		6,209	2,159		12,250	4,399	-				
SEP	5,215	1,723		4,798	1,758		10,013	3,481	-				
OCT	5,304	2,076		4,906	1,648		10,210	3,724	-				
NOV	3,345	1,418		3,159	1,364		6,504	2,782	-				
DEC	4,095	1,420		4,469	1,402		8,564	2,822	-				
TOTAL	57,707	21,331	5,136	56,766	19,945	4,364	114,473	41,276	9,500	(4,913)	(39.27)	(9,878)	(43.89)

Month	2021		2021		Total
	Non Rev	Revenue	Non Rev	Revenue	
JAN	55	1,314	46	1,002	2,417
FEB	71	1,195	64	1,087	2,417
MAR	78	2,423	68	2,097	4,666
APR					
MAY					
JUN					
JUL					
AUG					
SEP					
OCT					
NOV					
DEC					
Total	204	4,932	178	4,186	9,500

DULUTH AIRLINE STATISTICS

AMERICAN AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2020/2021 PASS. INCREASE/DECREASE			
	2019	2020	2021	2019	2020	2021	2019	2020	2021	ORIG	%DIFF	TOTAL	%DIFF
JAN		2,217			2,111		-	4,328	-				
FEB		2,523			2,415		-	4,938	-				
MAR		1,562			1,714		-	3,276	-				
APR		124			100		-	224	-				
MAY	490			666			1,156	-					
JUN	1,914			2,217			4,131	-					
JUL	2,239			2,275			4,514	-					
AUG	2,154			2,200			4,354	-					
SEP	1,763			1,489			3,252	-					
OCT	1,879			1,935			3,814	-					
NOV	1,707			1,755			3,462	-					
DEC	1,844			2,049			3,893	-					
TOTAL	13,990	6,426	-	14,586	6,340	-	28,576	12,766	-	-		-	

Month	2021		2021		Total
	Non Rev	Revenue	Non Rev	Revenue	
JAN					
FEB					
MAR					
APR					
MAY					-
JUN					-
JUL					-
AUG					-
SEP					-
OCT					-
NOV					-
DEC					-
Total	-	-	-	-	-

DULUTH AIRLINE STATISTICS CHARTERS

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2020/2021 PASS. INCREASE/DECREASE			
	2019	2020	2021	2019	2020	2021	2019	2020	2021	ORIG	% DIFF	TOTAL	% DIFF
JAN	287	306	-	287	306	-	574	612	-	(306)	(100.00)	(612)	(100.00)
FEB	-	176	32	-	176	32	-	352	64	(144)	(81.82)	(288)	(81.82)
MAR	320	-	35	320	-	35	640	-	70	35	100.00	70	100.00
APR	237	-		-	-		237	-	-				
MAY	311	-		490	-		801	-	-				
JUN	168	-		168	-		336	-	-				
JUL	294	-		294	-		588	-	-				
AUG	114	-		315	-		429	-	-				
SEP	330	-		330	-		660	-	-				
OCT	-	171		-	171		-	342	-				
NOV	300	90		300	90		600	180	-				
DEC	-	-		-	-		-	-	-				
TOTAL	2,361	743	67	2,504	743	67	4,865	1,486	134	(415)	(27.27)	(830)	(27.27)

Month	Endeavor	SUN CO.	JET BLUE	VISION	Swift Air	Allegiant	Total
JAN							-
FEB						64	64
MAR	70						70
APR							
MAY							
JUN							
JUL							
AUG							
SEP							
OCT							
NOV							
DEC							
Total	70	-		-	-	64	134

2021 Landline Passengers

	Arrivals			Departures			Grand Total	2020 Total	Inc /Dec
	Revenue	Non-Rev	Total	Revenue	Non-Rev	Total			
January	206	7	213	265	23	288	501	1979	-1478
February	154	10	164	219	8	227	391	1161	-770
March	194	3	197	249	1	250	447	1341	-894
April									
May									
June									
July									
August									
September									
October									
November									
December									
	554	20	574	733	32	765	1339	4481	-3142

Mountain Air Cargo / Fed Ex

2021		
Month	Freight In	Freight Out
January	82150	46860
February	67634	39061
March	100376	46569
April		
May		
June		
July		
August		
September		
October		
November		
December		

250160	132490
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Bemidji Air UPS

2021		
Month	Freight In	Freight Out
January	35536	16593
February	36473	20965
March	50449	24852
April		
May		
June		
July		
August		
September		
October		
November		
December		

122458	62410
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**Combined
Total****Combined
Total**

Freight In	Freight Out
117686	63453
104107	60026
150825	71421
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0

372618	194900
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2020**2020**

Freight In	Freight Out
135483	58290
135967	58836
142951	59937
174509	85534
177242	79989
157841	63263
177782	73689
149093	70256
149564	75292
148434	74170
120236	70343
149217	91579

1818319	861178
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