



## DULUTH AIRPORT AUTHORITY MEETING AGENDA SEPTEMBER 21, 2021

AMATUZIO CONFERENCE ROOM  
DULUTH INTERNATIONAL AIRPORT

Click below to access meeting by Microsoft Teams:

<https://duluthairport.com/wp-content/uploads/2021/09/9-DAA-September-Board-Notice.pdf>

### **I \*EXECUTIVE DIRECTORS REVIEW**

Information Letter to DAA Directors.

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

- A. Approval of August 17, 2021 Meeting Minutes and August 20, 2021 Special Meeting Minutes.

### **III \*DAA CASH DISBURSEMENTS**

- A. Operating Cash Disbursement Sheets #31 #32, #33, and #34, 2021. Construction Fund Disbursement Sheet #8, 2021

### **IV \*CORRESPONDENCE**

- A. August 20, 2021, AAAE Legislative Alliance Airport Alert "Face mask Requirement Extended Until January 18, 2022.
- B. August 23, 2021 Letter from Reef Parking / Republic Parking System to DAA Summarizing Request Regarding the Minimum Annual Guarantee and September 7, 2021 Response Letter from DAA to Reef Parking.
- C. September 1, 2021, E-Mail from Monaco Air Foundation with Summary of August 2021 Activities.
- 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 Approve CRRSA Concessionaire Relief Associated with Rent Due for Concession Occupancy or Commercial Use After December 27, 2020 in the Proportional Amounts Shown on Exhibit A Per FAA Approval.
- B. Resolution Providing for the Execution of an Amended and Restated Loan Agreement with the City of Duluth.
- C. Resolution to Accept and Approve MnDOT Grant for Seaplane Base Dock Expansion in the Estimated Total Amount of \$20,000 and Seaplane Base Ramp Rehab in the Estimated Total Amount of \$50,000 and to Authorize the Duluth Airport Authority's President and Secretary to Execute the Grant and Any Amendments.
- D. Resolution to Accept and Approve MnDOT Grant for Hangar 101 (Construction) Project in the Estimated Total Amount of \$350,000; Midfield Ramp Repair Project in the Estimated Total Amount of \$1,000,000, and Pavement Maintenance Project in the Estimated Total Amount of \$150,000 and to Authorize the Duluth Airport Authority's President and Secretary to Execute the Grant and Any Amendments.
- E. Resolution to Approve the Sky Harbor Airport Hangar #9 Land Lease Agreement Between the Duluth Airport Authority and Cotter / Luck.
- F. Resolution to Approve the Airline Use and Lease Agreement By and Between the Duluth Airport Authority and Sun Country, Inc., dba Sun Country Airlines.
- G. Resolution to Approve the Operator Agreement Between the Duluth Airport Authority and Premium Air.
- H. \*July 2021 Financial Reports.
- I. \*August 2021 Accounts Receivables.
- J. \*August 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 on March 19, 2002).*



## **DULUTH INTERNATIONAL AIRPORT**

Closer to everywhere.

**DATE: September 21, 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**

- Passenger statistics will be presented at the meeting

### **OPERATIONS/CONSTRUCTION/PLANNING**

- Planning
  - Master Plan Update
    - Taxiway A Reconstruction Phasing Overview
  - Part 150 Noise Study Final Program Recommendations
- Construction
  - Hangar Area Mill and Overlay Update
  - Hangar 101 Demolition
  - Runway 3-21 Lighting and Signage Replacement RFQ Update
- Operations and Maintenance
  - Facility Manager Introductions
  - Terminal Roof Update
- Sky Harbor
  - Building Area Master Plan Update

### **BUSINESS/PROPERTY DEVELOPMENT**

- Hangar Inspections
- Hangar 104 Appraisal Update
- Lease Policy Update

### **FINANCIAL UPDATE**

- 2022 DYT Rates & Charges
- 2022 DLH Rates & Charges
- 2022 Duluth Airport Authority Draft Budget
- Cyber Insurance Coverage
- Parking MAG Update



**DULUTH INTERNATIONAL AIRPORT**

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MARKETING/COMMUNICATIONS

- NSR

LEGISLATIVE UPDATE

- NSR

PRESENTATIONS/TOURS/TRAVEL RECAP

- NSR

OTHER

- Joint Zoning Board Update

Submitted by,

Tom Werner, C.M.  
Executive Director





# DULUTH INTERNATIONAL AIRPORT

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## MINUTES OF THE MEETING

DATE: August 17, 2021

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

DIRECTORS PRESENT: Craig Fellman  
Kim Maki  
Jeff Anderson  
Don McIsaac  
Kevin O'Brien

DIRECTORS PARTICIPATING VIA ELECTRONICS  
MEANS:

Todd Fedora

DIRECTORS ABSENT: Elissa Hansen

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  
Ryan Welch, Airport Facilities Manager  
Amanda McDonald, Intern  
Kaci Nowicki, SEH  
Shawn McMahon, SEH  
Mike Billings, Jamar Company  
Mike Dosan, Kraus Anderson  
Mike Magni, Monaco Air

OTHERS PARTICIPATING VIA ELECTRONICS

MEANS: Kathy Leon, Confidential Bookkeeper  
Paul Huston, HNTB  
Allison Andrashko, SEH  
Don Monaco, Monaco Air

President Fellman welcomed everyone to the DAA August Board meeting and called it to order at 8:00 a.m. He performed roll call noting himself, Dir. Maki, Dir. Anderson, Dir. McIsaac and Dir. O'Brien as present; Dir. Fedora is participating virtually due to a medical condition and Dir. Hansen is absent.

Mr. Tom Werner, Executive Director, updated on the Executive Director's review:

EXECUTIVE DIRECTOR'S REVIEW:

- Air Service: Presented the airport air service update highlighting total passengers year to date, total seats, and local airline notes; spoke on key metrics statistics – air cargo, fuel sales, rental cars, parking lot and restaurant. Updated on the Small Community Air Service Development (SCASD) grant award; have initiated conversations with airlines but will have to be patient – will continue to update. Questions and discussion followed.
- Operations/Construction/Planning: Master Plan (MP) and Part 150 Noise Study -- Ms. Kaci Nowicki, SEH, reviewed the MP recent activities, meetings, feedback, next steps, and timeline -- all materials and summaries are posted to the project website; Mr. Werner detailed further. Part 150 noise study – updated on the project progress, draft submitted to FAA for review, next steps, and timeline – all materials and summaries are posted to the project website.
  - Operations: Mr. Mark Papko, Director of Operations, invited Mr. Shawn McMahon and Ms. Nowicki, SEH, to overview on the Hangar 101 demolition project, they gave background information and summarized on the steps completed, next phases, site redevelopment process and timeline post demolition. Mr. Werner detailed further, questions and discussion followed. Mr. Papko moved to the terminal roof update and introduced Mr. Mike Dosan, Kraus Anderson and Mr. Mike Billings, Jamar Company, to run through the schedule and layout plans for the roof replacement project; questions followed. Mr. Papko spoke on the Taxiway A phasing, sequencing, and funding; Mr. Werner detailed further. Mr. Papko briefed on the Public Safety and Airport Facility manager positions -- in the recruiting process hope to have a full operation's management team in two months
  - Sky Harbor – Ms. Nowicki reviewed the Sky Harbor master plan project progress and next steps; meeting materials and summaries are posted to the project website. Mr. Werner detailed further. He mentioned that the MN Council of Airports (MCOA) has awarded the Sky Harbor runway reconstruction and realignment project for the 2020 intermediate general aviation project of the year; congratulations to all involved in the planning, development, and construction for that fifteen-year project.
- Business/Proper Development: Ms. Jana Kayser, Business Development Manager, overviewed on the Hangar 104 market appraisal and timeline; will keep updated on process. She explained the notice for a tenant owned hangar removal from the safety area; alternative location is available; questions followed.
- Financial Update: Ms. Joelle Boden, Finance & Administration Director, spoke on the cyber insurance coverage, finance department transition process -- plan to post for a part time accountant by August, and opportunity for refunding City of Duluth bonds; Dir. Fedora detailed further. Ms. Bodin presented the second quarter financial update; Mr. Mike Magni Monaco Air reviewed the health of the general aviation sector and Mr. Werner detailed further on financials. Ms. Bodin summarized on the concessionaire relief plan and relief funding strategies.

- Marketing/Communications: Ms. Natalie Peterson, Director of Communications & Marketing, spoke on the TSA pre-check pop up event being held here this week -- appointments are full, walk-in appointments only right now; process is going very smooth, customers are appreciative, very successful. Marketing strategy is in the final creative portion and planning for commercial production. Questions followed.
- Other: Mr. Papko briefed on the Joint Airport Zoning Board (JAZB) – the board met earlier this month and approved the submission of the current proposed zoning ordinance to MnDOT for review. Mr. Werner overviewed on the new paperless format for the DAA board orientation and reference handbook.

Pres. Fellman thanked everyone for their work and reports. Dir. McIsaac moved to approve the July 20, 2021 meeting minutes and consent items. Dir. Anderson seconded. Roll call, all ayes, motion carried.

#### CONSENT ITEMS

Cash Disbursement Sheets #27, #28, #29 and #30, 2021. Construction fund disbursement sheet #7 2021.

E-mail from DAA to Small Community Air Service Development (SCASD) supporter's announcing success in the award request for direct service to Denver.

Small Community Air Service Development (SCASD) program order awarding grants.

DAA news release "Duluth International Airport to Host Precheck Pop-Up Event".

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

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

June 2021 financial report, July 2021 accounts receivables, and airport statistics.

#### OPPORTUNITY FOR PERSONS TO BE HEARD

None.

#### OLD BUSINESS

None.

#### NEW BUSINESS

Ms. Peterson reviewed the UMD sponsorship agreement and recommended approval. Dir. Anderson moved to approve the UMD Bulldog sponsorship agreement between the Duluth Airport Authority and University of MN Duluth Athletics. Dir. Maki seconded. Roll call – all ayes. Motion carried.

Ms. Peterson explained this agreement as UMD's presence at the airport and recommended approval. Dir. Maki moved to approve the resolution for the license agreement to display advertising between the Duluth Airport Authority and University of MN Duluth Athletics. Dir. McIsaac seconded. Roll call – all ayes. Motion carried.

Ms. Kayser overviewed the renewal ground lease agreement and recommended approval. Dir. Fedora moved to approve the resolution for the ground lease agreement between the Duluth Airport Authority and PGKK Company. Dir. O'Brien seconded. Roll call – all ayes. Motion carried.

Dir. Maki moved to adjourn the meeting. Dir. McIsaac seconded. Roll call – all ayes, motion carried. President Fellman adjourned the August 17<sup>th</sup> DAA board meeting at 9:49 a.m.

Respectfully submitted,

Mary Ann Wittkop  
Recording Secretary

APPROVED: 

DATE: 14 SEP 21



# DULUTH INTERNATIONAL AIRPORT

**Travel Globally. Fly Locally.**

**DRAFT**

## MINUTES OF THE SPECIAL MEETING

DATE: August 30, 2021

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

DIRECTORS PRESENT: Craig Fellman

MEANS: Todd Fedora  
Don McIsaac  
Jeff Anderson  
Kevin O'Brien

DIRECTORS ABSENT: Kim Maki  
Elissa Hansen

OTHERS PRESENT: Tom Werner, Executive Director  
Mary Ann Wittkop, Recording Secretary  
Steve Hanke, Deputy City Attorney  
Mark Papko, Director of Operations  
Natalie Peterson, Director of Communications & Marketing  
Joelle Bodin, Director of Finance & Administration  
Lukas Fedora

OTHERS PARTICIPATING  
VIA ELECTRONICS

MEANS: Kaci Nowicki, SEH  
Shawn McMahon, SEH  
Scott Sannes, SEH  
Don Monaco, Monaco Air

President Fellman welcomed everyone to the DAA Special Board meeting and called the meeting to order at 10:33 a.m.

### NEW BUSINESS

Mr. Tom Werner, Executive Director, spoke on the reason for this special meeting and overviewed the Small Community Air Service Development Program (SCASDP). He recommended approval. Questions and discussion followed.

Dir. Fedora moved to accept and approve the resolution for the grant award and agreement between the U.S. Department of Transportation and the Duluth Airport Authority, acting for the community of Duluth, Minnesota under the Small Community Air Service Development Program and to authorize the Duluth Airport Authority's President and Secretary to execute the grant agreement, assurances and related documents and any amendments. Dir. O'Brien

DAA Special Minutes  
August 30, 2021  
Page 2


seconded. Roll call – all ayes. Motion carries.

Dir. Fedora thanked all the staff for their hard work in securing this grant. Dir. Anderson moved to adjourn the meeting. Dir. McIsaac seconded. Roll call – all ayes. Motion carries.

President Fellman adjourned the August 30<sup>th</sup> Special DAA board meeting at 10:40 a.m.

Respectfully submitted,

Mary Ann Wittkop  
Recording Secretary

APPROVED:  DATE: 14SEP21



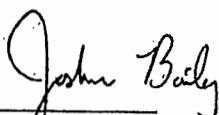
**Duluth Airport Authority**  
**DAA Operating Check Register #31-2021**  
**August 13, 2021**

**Document Number From 10512 To 10560**

Document Number	Date	Transaction Type	Payee	Amount
10512	8/13/2021	BILLPMT	Aramark	\$105.06
10513	8/13/2021	BILLPMT	Arrowhead Tap House	\$68.00
10514	8/13/2021	BILLPMT	Benson Electric Company	\$1,840.00
10515	8/13/2021	BILLPMT	Bodin, Joelle	\$60.00
10516	8/13/2021	BILLPMT	Bordson, Brooke	\$184.80
10517	8/13/2021	BILLPMT	Century Link	\$144.00
10518	8/13/2021	BILLPMT	City Of Duluth Comfort Systems	\$52.69
10519	8/13/2021	BILLPMT	Como Lube & Supplies	\$75.00
10520	8/13/2021	BILLPMT	Dalco	\$1,059.96
10521	8/13/2021	BILLPMT	Doorco	\$4,000.00
10522	8/13/2021	BILLPMT	Driveline Specialists	\$40.22
10523	8/13/2021	BILLPMT	Federal Express Corporation	\$20.09
10524	8/13/2021	BILLPMT	General Security Services Corporation	\$20,718.92
10525	8/13/2021	BILLPMT	Grainger	\$221.90
10526	8/13/2021	BILLPMT	Guardian Pest Solutions	\$175.25
10527	8/13/2021	BILLPMT	Inter City Oil (ICO)	\$42.90
10528	8/13/2021	BILLPMT	Jamar Company	\$10,067.96
10529	8/13/2021	BILLPMT	Kayser, Jana	\$60.00
10530	8/13/2021	BILLPMT	Landrum and Brown, Incorporated	\$2,000.00
10531	8/13/2021	BILLPMT	Leon, Kathy	\$60.00
10532	8/13/2021	BILLPMT	LifeSafety Power LLC	\$114.55
10533	8/13/2021	BILLPMT	Marsden Building Maintenance	\$15,944.36
10534	8/13/2021	BILLPMT	McGhee, Earl	\$692.17
10535	8/13/2021	BILLPMT	Menards - Hermantown	\$562.40
10536	8/13/2021	BILLPMT	Mike's Signs	\$30.00
10537	8/13/2021	BILLPMT	Minnesota Power	\$26,033.92
10538	8/13/2021	BILLPMT	NAPA Auto Parts	\$420.55
10539	8/13/2021	BILLPMT	Northern Business Products, Inc.	\$500.39
10540	8/13/2021	BILLPMT	Northern States Supply, Inc.	\$8.00
10541	8/13/2021	BILLPMT	Papko, Mark	\$60.00
10542	8/13/2021	BILLPMT	Peterson, Natalie	\$60.00
10543	8/13/2021	BILLPMT	Rainbow Printing	\$384.00
10544	8/13/2021	BILLPMT	Republic Parking System, LLC	\$1,100.00
10545	8/13/2021	BILLPMT	Schindler Elevator Corp	\$1,834.74
10546	8/13/2021	BILLPMT	Sinnott, Paul	\$60.00
10547	8/13/2021	BILLPMT	Smith, Troy R	\$60.00
10548	8/13/2021	BILLPMT	Taylor, Dan	\$60.00
10549	8/13/2021	BILLPMT	Timm, Kenneth	\$60.00
10550	8/13/2021	BILLPMT	Twin Ports Pest and Lawn Management	\$1,316.00
10551	8/13/2021	BILLPMT	United Truck Body Company, Inc.	\$410.00
10552	8/13/2021	BILLPMT	Viking Automatic Sprinkler	\$9,995.00
10553	8/13/2021	BILLPMT	Wabrowetz, Steve	\$60.00
10554	8/13/2021	BILLPMT	Waste Management of WI-MN	\$3,920.53
10555	8/13/2021	BILLPMT	Welch, Ryan	\$60.00
10556	8/13/2021	BILLPMT	Welch, Ryan	\$199.74
10557	8/13/2021	BILLPMT	Werner, Thomas	\$63.00
10558	8/13/2021	BILLPMT	Westmore Fluid Solutions	\$106.70
10559	8/13/2021	BILLPMT	Wittkop, Mary Ann	\$60.00
10560	8/13/2021	BILLPMT	Ziegler, Inc.	\$137.04
<b>Total</b>				<b>\$105,309.84</b>

  
 Airport Director

Airport Authority

  
 City Treasury



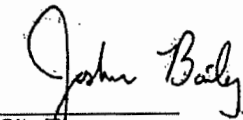
**Duluth Airport Authority  
DAA Operating Check Register #32-2021  
August 20, 2021**

**Document Number From 10561 To 10576**

Document Number	Date	Transaction Type	Payee	Amount
10561	8/20/2021	BILLPMT	Acme Tools	\$39.95
10562	8/20/2021	BILLPMT	Arrowhead Tap House	\$106.10
10563	8/20/2021	BILLPMT	Best Oil Company	\$6,650.55
10564	8/20/2021	BILLPMT	Century Link	\$190.88
10565	8/20/2021	BILLPMT	Citon	\$1,224.60
10566	8/20/2021	BILLPMT	City Of Duluth Comfort Systems	\$5,471.37
10567	8/20/2021	BILLPMT	Compudyne, Inc.	\$452.22
10568	8/20/2021	BILLPMT	Driveline Specialists	\$40.22
10569	8/20/2021	BILLPMT	Menards - Hermantown	\$51.97
10570	8/20/2021	BILLPMT	Papko, Mark	\$76.21
10571	8/20/2021	BILLPMT	SCS Interiors	\$17,960.67
10572	8/20/2021	BILLPMT	Siemens Industry Inc.	\$7,095.00
10573	8/20/2021	BILLPMT	Spectrum Business	\$142.43
10574	8/20/2021	CHK	WF Bus Payment Processing - Joelle	\$5,659.00
10575	8/20/2021	CHK	WF Bus Payment Processing - Tom	\$627.59
10576	8/20/2021	BILLPMT	Ziegler, Inc.	\$271.38
<b>Total</b>				<b><u>\$46,060.14</u></b>

  
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Airport Director

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Airport Authority

  
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City Treasury

**Duluth Airport Authority  
DAA Operating Check Register #33-2021  
August 27, 2021**

**Document Number From 10583 To 10594**

Document Number	Date	Transaction Type	Payee	Amount
10583	8/27/2021	BILLPMT	AAAE Great Lakes Chapter	\$450.00
10584	8/27/2021	BILLPMT	Acme Tools	\$292.90
10585	8/27/2021	BILLPMT	Denny's Lawn And Garden	\$90.96
10586	8/27/2021	BILLPMT	Goodin Company	\$72.42
10587	8/27/2021	BILLPMT	Johnstone Supply	\$5.91
10588	8/27/2021	BILLPMT	Menards - Hermantown	\$217.52
10589	8/27/2021	BILLPMT	MNDOT Office of Aeronautics	\$40.00
10590	8/27/2021	BILLPMT	NAPA Auto Parts	\$187.89
10591	8/27/2021	BILLPMT	Sam's Club	\$65.90
10592	8/27/2021	BILLPMT	Shel/Don Group Inc.	\$66.81
10593	8/27/2021	BILLPMT	Unified Supply and Services Company	\$5,375.33
10594	8/27/2021	BILLPMT	United States Postal Service	\$300.00
<b>Total</b>				<b><u>\$7,165.64</u></b>



Airport Director

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Airport Authority



City Treasury

**Duluth Airport Authority  
DAA Operating Check Register #34-2021  
September 10, 2021**

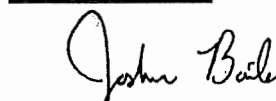
**Document Number From 10595 To 10641**

Document Number	Date	Transaction Type	Payee	Amount
10595	9/10/2021	BILLPMT	AAAE Great Lakes Chapter	\$450.00
10596	9/10/2021	BILLPMT	Arrowhead Tap House	\$68.00
10597	9/10/2021	BILLPMT	AT&T Mobility	\$798.75
10598	9/10/2021	BILLPMT	Bodin, Joelle	\$60.00
10599	9/10/2021	BILLPMT	Citon	\$8,178.04
10600	9/10/2021	BILLPMT	City Of Duluth Comfort Systems	\$31.59
10601	9/10/2021	BILLPMT	Dalco	\$719.77
10602	9/10/2021	BILLPMT	Duluth Area Chamber Of Commerce	\$245.58
10603	9/10/2021	BILLPMT	General Security Services Corporation	\$20,139.83
10604	9/10/2021	BILLPMT	Goodin Company	\$72.42
10605	9/10/2021	BILLPMT	Grainger	\$404.96
10606	9/10/2021	BILLPMT	Guardian Pest Solutions	\$175.25
10607	9/10/2021	BILLPMT	Jamar Company	\$26,046.33
10608	9/10/2021	BILLPMT	Kaman Industrial Technologies	\$19.87
10609	9/10/2021	BILLPMT	Kayser, Jana	\$60.00
10610	9/10/2021	BILLPMT	Lakehead Trucking	\$4,000.00
10611	9/10/2021	BILLPMT	Leon, Kathy	\$60.00
10612	9/10/2021	BILLPMT	Marsden Building Maintenance	\$16,389.36
10613	9/10/2021	BILLPMT	Marsh & McLennan Agency LLC	\$3,905.22
10614	9/10/2021	BILLPMT	McDonald, Amanda	\$400.00
10615	9/10/2021	BILLPMT	Menards - Hermantown	\$613.32
10616	9/10/2021	BILLPMT	Menards - West Duluth	\$8.58
10617	9/10/2021	BILLPMT	Mid-Hudson Photo ID	\$445.00
10618	9/10/2021	BILLPMT	Minnesota Power	\$27,766.55
10619	9/10/2021	BILLPMT	NAPA Auto Parts	\$16.33
10620	9/10/2021	BILLPMT	Nextera Communications	\$1,255.67
10621	9/10/2021	BILLPMT	Northern Business Products, Inc.	\$455.58
10622	9/10/2021	BILLPMT	Northern Tool & Equipment	\$317.87
10623	9/10/2021	BILLPMT	Papko, Mark	\$60.00
10624	9/10/2021	BILLPMT	Papko, Mark	\$350.00
10625	9/10/2021	BILLPMT	Peterson, Natalie	\$60.00
10626	9/10/2021	BILLPMT	Pomp's Tire Service, Inc.	\$745.95
10627	9/10/2021	BILLPMT	Reed-Joseph International Company	\$733.00
10628	9/10/2021	BILLPMT	Sam's Club	\$136.00
10629	9/10/2021	BILLPMT	Schindler Elevator Corp	\$2,021.58
10630	9/10/2021	BILLPMT	Siemens Industry Inc.	\$1,719.00
10631	9/10/2021	BILLPMT	Sinnott, Paul	\$244.99
10632	9/10/2021	BILLPMT	St. Germain's Glass	\$10,947.00
10633	9/10/2021	BILLPMT	Taylor, Dan	\$60.00
10634	9/10/2021	BILLPMT	Tibodeau, Justin	\$208.24
10635	9/10/2021	BILLPMT	Timm, Kenneth	\$60.00
10636	9/10/2021	BILLPMT	Twin Ports Pest and Lawn Management	\$329.00
10637	9/10/2021	BILLPMT	United States Postal Service	\$300.00
10638	9/10/2021	BILLPMT	Waste Management of WI-MN	\$3,955.35
10639	9/10/2021	BILLPMT	Welch, Ryan	\$60.00
10640	9/10/2021	BILLPMT	Werner, Thomas	\$60.00
10641	9/10/2021	BILLPMT	Willkop, Mary Ann	\$60.00

Total \$135,213.98

  
Airport Director

Airport Authority

  
City Treasury

**Duluth Airport Authority**  
**DAA Construction Check Register #8-2021**  
**August 24, 2021**

**Document Number From 10577 To 10582**

Document Num	Date	Transaction Type	Payee	Amount
10577	8/24/2021	BILLPMT	1 MediaUSA Adverising Inc	\$500.00
10578	8/24/2021	BILLPMT	1 Mike's Signs	\$400.00
10579	8/24/2021	BILLPMT	1 Prairie Restorations, Inc.	\$1,785.00
10580	8/24/2021	BILLPMT	1 Short Elliott Hendrickson	\$68,133.62
10581	8/24/2021	BILLPMT	1 Swim Creative	\$714.29
10582	8/24/2021	BILLPMT	1 The Jamar Company	\$4,550.00
<b>Total</b>				<b><u>\$76,082.91</u></b>

  
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Airport Director

  
\_\_\_\_\_  
City Treasury



### Face Mask Requirement Extended Until January 18, 2022

August 20, 2021

This afternoon, TSA extended the Security Directive (SD) requiring masks in airports and on transportation conveyances through January 18, 2022. While this date change had been previously reported in the press, Security Directive 1542-21-01 Security Measures – Mask Requirements was not officially updated until today. Other than the date change—from September 13, 2021, to January 18, 2022—TSA stated that there will be **no** other substantial changes to the SD. The extension is designed to help minimize the spread of the COVID-19 Delta variant.

On a call with TSA and CDC earlier this week, CDC told AAAE that even with vaccinations, given the Delta variant and the inability to social distance, masks are a critical health safety measure for transportation. CDC also stated that there are no planned changes for their Order at this time.

This extension applies to individuals across all transportation networks throughout the United States, including at airports, onboard commercial aircraft, on over-the-road buses, and on commuter bus and rail systems.

The updated SD is posted on HSIN.

As always, please do not hesitate to contact us if you have any questions or need any further information.




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[Joel Bacon](#), Executive Vice President  
[Brad Van Dam](#), Senior Vice President  
[Stephanie Gupta](#), Senior Vice President  
[Colleen Chamberlain](#), Vice President  
[Justin Barkowski](#), Vice President  
[Janet Bennett](#), Director  
[Jeremy Valcich](#), Director  
[Andrew Pantino](#), Director

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August 23, 2021

Ms. Jana Kayser  
Business Development Manager

Ms. Joelle Bodin  
Director of Finance & Administration  
Duluth Airport Authority  
4701 Grinden Drive  
Duluth, MN 55811

Dear Jana & Joelle:

It was a pleasure to speak with you last week. Per your request, I am summarizing Republic Parking System's request regarding the Minimum Annual Guarantee.

During the contract year 2/1/2020 through 1/31/2021, the total parking revenue was \$542,086. Republic paid DLH \$424,325 in concession rent during that same period. I have attached the annual rent audit for contract years 2020 and 2019 to this letter.

On March 20, 2020, due to the effect of the pandemic on parking revenue, Don Barrett sent a letter requesting the monthly minimum portion of the MAG be waived for three months (April thru June). Later in July 2020, he made another request that the MAG be waived indefinitely until the pandemic had ended and parking revenues returned to 2019 levels.

On December 14, 2020, Don sent another letter outlining the effects on parking revenue created by the pandemic and requested we pay only the percentage of revenue due per the contract.

As you can see from the monthly rental receipts and the annual audit, if Republic were to be required to pay the \$750,000 MAG as detailed in the contract, we would be paying the airport more than \$300,000 in funds we didn't collect due entirely to the pandemic. We have twenty-six airports in the United States where we have a lease guarantee. In all of them, we have agreed to a compromise that involves Republic simply paying the percentage of revenue owed under the contract. At some of those Airports, we have agreed on a new MAG at a reduced level or on re-initiating the MAG once revenue gets back to 2019 levels for three consecutive months.



We would like to agree to a similar compromise with DLH.

I look forward to speaking with you again. In the meantime, please do not hesitate to contact me if you have any questions.

Sincerely,

Bob Linehart  
Executive Vice President  
Airport Services

C: Daniel Lassiter  
Roger Weisenbeck



**Duluth Regional Airport  
ANNUAL RENT AUDIT  
2020**

YEAR	MONTH	GROSS RECEIPTS	
2020	February-20	\$	154,147.42
	March-20		109,898.97
	April-20		4,717.34
	May-20		7,207.36
	June-20		12,853.27
	July-20		20,767.85
	August-20		27,043.86
	September-20		35,226.64
	October-20		49,633.07
	November-20		39,419.52
	December-20		37,363.03
	January-21		43,808.04
	Total Gross Receipts	\$	542,086.37
70% of Gross Receipts from -	\$0.00	\$200,000.00	\$ 140,000.00
80% of Gross Receipts from -	\$200,000.00	\$400,000.00	160,000.00
87.5% of Gross Receipts from -	\$400,000.00	\$600,000.00	\$ 124,325.57
90% of Gross Receipts from -	\$600,000.00	\$1,000,000.00	
92% of Gross Receipts over -	\$1,000,000.00		
Total Rent Due		\$	424,325.57
Total % Rent Due		\$	424,325.57
Total Rent Paid			424,325.57
Total Rent Paid		\$	-

**Duluth Regional Airport  
ANNUAL RENT AUDIT  
2019**

YEAR	MONTH	GROSS RECEIPTS
2019	February-19	\$ 96,109.80
	March-19	150,868.28
	April-19	133,834.37
	May-19	133,638.29
	June-19	125,720.41
	July-19	117,854.67
	August-19	125,265.98
	September-19	140,736.79
	October-19	158,507.46
	November-19	133,823.65
	December-19	133,975.78
	January-20	131,604.59
Total Gross Receipts		\$ 1,581,940.07

70% of Gross Receipts from -	\$0.00	\$200,000.00	\$ 140,000.00
80% of Gross Receipts from -	\$200,000.00	\$400,000.00	160,000.00
87.5% of Gross Receipts from -	\$400,000.00	\$600,000.00	175,000.00
90% of Gross Receipts from -	\$600,000.00	\$1,000,000.00	360,000.00
92% of Gross Receipts over -	\$1,000,000.00		535,384.86
Total Rent Due			<u>\$ 1,370,384.86</u>

Total % Rent Due	\$ 1,370,384.86
Total Rent Paid	<u>1,370,384.86</u>
Total Rent Paid	\$ -



## DULUTH AIRPORT AUTHORITY

September 7, 2021

Bob Linehart  
Executive Vice President  
Reef Parking  
633 Chestnut Street, Suite 2000  
Chatanooga, TN 37450

Dear Mr. Bob Linehart:

Following our conversation on August 19<sup>th</sup> and letter dated August 23, 2021, we reviewed the information provided in your request and had a discussion with a couple of our board members. While we are certainly understanding of the position Reef is in, in the interest of the DAA, we would like to propose an alternative solution for your review.

At this time, the outstanding amount owed by Reef Parking to the DAA is \$330,923.82. The pending CRRSA concessionaire relief amount is \$22,092.98 which will be applied to 2021 for fees already paid and 2021 payments will be reapplied to 2020 unmet MAG. The DAA proposes to waive approximately \$230,000 of the unmet 2020 MAG. The remaining 2020 unmet MAG balance of \$75,000 will be due and payable to the DAA.

We also propose to reduce the MAG for the February 1, 2021 through January 31, 2022 contract year to \$675,000 from the contract amount of \$750,000.

Please let us know if you have any questions on the above proposal.

Sincerely,

Joelle Bodin  
Director of Finance

## Mary Ann Wittkop

---

**From:** Don Monaco <donm@monacoairduluth.com>  
**Sent:** Wednesday, September 1, 2021 2:34 AM  
**To:** Tom Werner; 'Craig Fellman'  
**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:** August, 2021 Monaco Air Foundation Report

Tom and Craig,

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

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

## VII A

**Resolution to Approve CRRSA Concessionaire Relief associated with rent due for concession occupancy or commercial use after December 27, 2020 in the proportional amounts shown on Exhibit A per FAA Approval.**

**Objective:** To maximize the concessionaire relief available via CRRSA funding to make DAA whole while providing our partners assistance. This is a multi-step process which is outlined below.

**Summary:** The DAA Received \$33,311 in the form of a federal grant to provide concessionaire relief per their provided guidance. Staff has used the information provided to prepare a plan which allocates the \$33,311 among eligible concessionaires proportionately. The below steps will be followed to complete and close-out this concessionaire grant.

### CRRSA Relief Plan Steps:

1. The DAA's CRRSA Relief Plan (Exhibit A) has been submitted to the FAA for approval. We are awaiting their final approval.
2. Once Approved by the FAA and the board, credit memos in the amount of the relief provided will be entered for the month of January-February 2021 Concession. For those entities with an outstanding MAG for 2020, January's rents received will be applied toward the outstanding 2020 MAG. For those entities with no outstanding MAG, the credit will be used for a future month's rent.
3. DAA staff will request reimbursement through the grant using the approved CRRSA Relief Plan (Exhibit A).
4. Once the funds have been received, this share of the grant will be closed out.
5. We are awaiting an ARPA grant which is the second concessionaire relief grant and will follow a similar schedule and plan once received.

Prepared by: Joelle Bodin, Director of Finance

# Exhibit A

Airport

Duluth International Airport (DLH)

Date(s) of Consultation with Eligible Concessions      7/19/2021 - Meeting with Rental Cars      8/2/2021 & 8/3/2021 Meeting with food and beverage and parking      9/2/2021: Meeting with Shelter Dog/Safe      9/3/2021: Meeting with OnSite

Base-line Time Period      FY 2019

Notes on Special Circumstances      DLH Evaluated all in-terminal concessionaires, rental car operators and parking. The below reflects those that are eligible per the requirements of CRRSA. The DAA waited to provide relief until all information for CRRSA was available.

CRRSA Concessionaire Relief Amount

\$33,311

Concession Name (DBA or Tradename) <sup>1</sup>	Business Legal Name	Rent Income to airport in base-line time period <sup>2</sup>	Percent share of total base-line rent income <sup>3</sup>	Rent relief provided for occupancy after December 27, 2020 <sup>4</sup>	ACDBE	Date of ACDBE 1-on-1 consultation <sup>5</sup>	Certification Date <sup>7</sup>	PPP First Draw Loan Number	Taking PPP Second Draw Loan <sup>6</sup>	PPP Second Draw Loan Number	Comments or special circumstances, provisions, etc.
Avis Rent-a-Car	Sonju Enterprises, Inc.	\$142,185	7%	\$2,355	X	8/2/2021	7/14/2021	6211877005	Yes	2617488810	Second PPP Draw was for Payroll, utilities, covered worker protection expenditures, covered worker protection expenditures
Budget Rent a Car	Krenzen Corp.	\$91,625	5%	\$1,518	X	8/2/2021	7/16/2021	N/A	No	N/A	
Enterprise Rent a Car	Enterprise Leasing Company of Minn	\$345,341	17%	\$5,720	No	N/A	7/18/2021	N/A	No	NA	
Arrowhead Tap House #144	Oakwells Commuter Rail LLC	\$89,608	4%	\$1,484	No	N/A	7/13/2021	2893677209	Yes	9706658403	Second PPP Draw was for Payroll, Utilities, Covered Operations Expenditures, Covered Worker Protection Expenditures, Covered Supplier Costs
Reef Parking	Republic Parking System, LLC	\$1,333,859	66%	\$22,093	No	N/A	7/14/2021	N/A	No	N/A	
On Site Enterprises	On Site Enterprises	\$7,808	0%	\$129	No	N/A	9/3/2021	4475007203	Yes	2673858405	Second PPP Draw was for Payroll
Safe Harbor Payment Systems	Shelter Dog, Inc.	\$719	0%	\$12	No	N/A	9/2/2021	9944107107	Yes	6675658504	Second PPP Draw was for Payroll
Hertz Rent A Car	Overland West		0%								Has not continued operations. Ceased operations on June 10, 2021
ADMIN											
<b>Total</b>		<b>\$2,011,144</b>	<b>100%</b>	<b>\$33,311</b>							

1. Eligible Concession subject to rent for occupancy or commercial operations after Dec. 27, 2020.
2. Share of rent income and total airport income from eligible concessions from base-line time period of FY2019.
3. Resulting proportional share for each eligible concession.
4. Resulting dollar-amount of actual rent relief provided for occupancy after Dec. 27, 2020.
5. Identifies ACDBEs and date of one-on-one consultation.
6. Information provided on Concession Certification. If a concession is taking a second draw, the purpose(s) of that loan is noted in the Comments column. All concessionaires listed certified that they were not applying any PPP toward rent or MAG.
7. Certification Date has been added.
8. Ineligible Concessions: Hertz Rent A Car/Overland West - No longer providing services. Ceased operations on June 10, 2021.

## VII B

### Bond Refunding Summary

**Objective:** To pay down the operating share of the 2012B Bonds and request reimbursement under CARES or CRRSA relief funding, and to reduce overall payment of interest on the remaining debt.

**Summary:** The City of Duluth reviews debt obligations for the opportunity to refinance on an annual basis. The DAA's 2012B bonds/loan with the City of Duluth are currently eligible to refund. Upon reviewing the options, DAA staff determined it is a favorable time to pay down just the operating principal remaining as debt service eligible for reimbursement from COVID relief funds. Staff has determined the best course of action is to pay down the remaining \$590,000 in operating principal and refinance the remaining debt. This strategy will save the DAA an estimated amount of over \$100,000.

Prepared by: Joelle Bodin, Director of Finance



## **RESOLUTION PROVIDING FOR THE EXECUTION OF AN AMENDED AND RESTATED LOAN AGREEMENT**

BE IT RESOLVED, by the Board of Directors of the Duluth Airport Authority (the "Authority"), as follows:

### **Section 1.     Purpose and Authorization.**

1.01     The Authority was created pursuant to Minnesota Laws 1969, Chapter 577, as amended (the "Act"), to administer, promote, control, direct, manage and operate all airports of the City of Duluth (the "City"). The Authority constructed a new terminal facility at the Duluth International Airport, including a new parking ramp, access road and aprons (the "Project").

1.02     At the request of the Authority, the City issued Taxable General Obligation Airport Improvement Bonds, Series 2012B, in the amount of \$7,650,000 (the "2012 Bonds"), and the City loaned the proceeds thereof to the Authority (the "2012 Loan") to provide the additional funds needed to complete the Project and provide for the costs of issuance of the 2012 Bonds and capitalized interest.

1.03     The Authority has requested that the City issue Taxable General Obligation Airport Refunding Bonds, Series 2021D (the "Bonds"), in the estimated amount of \$2,850,000 to refinance the 2012 Bonds to reduce the loan repayment costs of the 2012 Loan and the debt service costs on the outstanding 2012 Bonds.

1.04     Pursuant to Section 5, Subd. 2(f) and Section 9 of the Act, the Authority has the power and authority to obtain loans of money and enter into any agreement required in connection therewith and to issue revenue bonds for the financing of a project and to pledge revenues of the Authority for the payment thereof.

### **Section 2.     Approval of Amended and Restated Loan Agreement.**

2.01     The form of the proposed Amended and Restated Loan Agreement between the City and the Authority (the "Agreement") as presented to the Board is hereby approved. The Executive Director and the Assistant City Attorney shall work with the City and Bond Counsel to complete the Agreement with the terms consistent with the City's sale of the Bonds to refund the 2012 Bonds. Upon completion of the Agreement, the President and Secretary are hereby authorized and directed to execute the Agreement and any other necessary closing certificates on the part of the Authority.

Adopted: \_\_\_\_\_, 2021.

DULUTH AIRPORT AUTHORITY

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

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

*M:\DOCS\04431\000303\ROL\IA55093.DOCX*

*Draft 9/14/2021*

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**AMENDED AND RESTATED LOAN AGREEMENT**

**between**

**CITY OF DULUTH, MINNESOTA**

**and**

**DULUTH AIRPORT AUTHORITY**

**Dated as of November 3, 2021**

**Relating to:**

**City of Duluth**  
**\$ \_\_\_\_\_ Taxable General Obligation Airport Refunding Bonds**  
**Series 2021D**

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THIS AMENDED AND RESTATED LOAN AGREEMENT (the "Agreement") made as of November 3, 2021, by and between the CITY OF DULUTH, MINNESOTA, a home rule charter city and political subdivision of the State of Minnesota (the "City") and the DULUTH AIRPORT AUTHORITY, an authority created and existing under the Laws of Minnesota 1969, Chapter 577, as amended (the "Authority").

W I T N E S S E T H:

WHEREAS, the Authority was created pursuant to Minnesota Laws 1969, Chapter 577, as amended (the "Act"), to administer, promote, control, direct, manage and operate all airports of the City. The Authority constructed a new terminal facility at the Duluth International Airport, including a new parking ramp, access road and aprons in 2012 and 2013 (the "Project"); and

WHEREAS, the City has received grants from the State of Minnesota in the amount of \$16,600,000 for the Project, and the Authority has received grants for the Project from the Federal Aviation Administration and TSA in the amount of \$48,088,363 and from the State of Minnesota in the amount of \$4,500,000; and

WHEREAS, the Authority was in need of additional matching funds in the amount of \$7,650,000 for the Project, costs of issuance and capitalized interest; and

WHEREAS, at the request of the Authority, the City issued its Taxable General Obligation Airport Refunding Bonds, Series 2012B, in the amount of \$7,650,000 (the "2012 Bonds") and loaned the proceeds thereof to the Authority to provide the additional funds for the Project and provide for the costs of issuance of the Bonds and capitalized interest; and

WHEREAS, the City loaned the proceeds of the 2012 Bonds to the Authority pursuant to a Loan Agreement dated as of May 24, 2012 (the "2012 Loan Agreement"); and

WHEREAS, the Authority needed additional matching funds in the amount of \$3,400,000 for completion of the parking ramp facilities portion of the Project, costs of issuance and capitalized interest; and

WHEREAS, at the request of the Authority, the City issued its Taxable General Obligation Airport Improvement Bonds, Series 2013B (the "2013 Bonds"), in the amount of \$3,400,000 and loaned the proceeds thereof to provide additional funds to complete the Project and provide for the costs of issuance and capitalized interest; and

WHEREAS, the City loaned the proceeds of the 2013 Bonds to the Authority pursuant to a Loan Agreement dated December 18, 2013 (the "2013 Loan Agreement"); and

WHEREAS, pursuant to Section 5, Subd. 2(f) and Section 9 of the Act, the Authority has the power and authority to obtain loans of money and enter into any agreement required in connection therewith and to issue revenue bonds for the financing of a project and to pledge revenues of the Authority for the payment thereof; and

WHEREAS, the Authority has requested that the City refinance the 2012 Bonds for debt service savings and a reduction in the loan repayments under the 2012 Loan Agreement; and

WHEREAS, it is necessary and desirable for the City and the Authority to enter into this Agreement to amend and restate the 2012 Loan Agreement to set forth the terms and conditions of the Loan (as hereinafter defined).

NOW, THEREFORE, in the joint and mutual exercise of their powers and in consideration of mutual covenants herein contained, the parties hereto recite and agree as follows:

## **ARTICLE I – Definitions and Rules of Construction**

**Section 1.1 Definitions.** Unless the context otherwise requires, the terms in this Agreement shall, for all purposes of this Agreement, have the meaning hereinafter specified, unless the context clearly otherwise requires:

2012 Bonds: means the City of Duluth \$7,650,000 Taxable General Obligation Airport Improvement Bonds, Series 2012B, dated May 24, 2012, as the date of original issue.

2012 Loan: means the loan from the City to the Authority of the proceeds of the 2012 Bonds.

2013 Bonds: means the City of Duluth \$3,400,000 Taxable General Obligation Airport Improvement Bonds, Series 2013B, dated December 18, 2013, as the date of original issue, and City bonds issued to refund such Series 2013B Bonds.

2013 Loan: means the loan from the City to the Authority of the proceeds of the 2013 Bonds.

Bond Year: means the 12 months closing on February 1 of each year commencing with the Bond Year closing on February 1, 2022.

Bonds: means the City of Duluth \$\_\_\_\_\_ Taxable General Obligation Airport Refunding Bonds, Series 2021D, dated November 3, 2021, as the date of original issue, and City bonds issued to refund such Series 2021D Bonds.

CFC: means the Customer Facilities Charge imposed by the Authority on car rentals initiated at the Authority's facilities.

Debt Service Account: means the 2021D Refunding Bonds Debt Service Account established for the Bonds within the City's debt service fund for general obligation bonds which shall be used to pay the principal of and interest on the Bonds.

General Revenues: means revenues of the Authority generated from Authority operations pursuant to the Act.

Loan Repayments: means the payments from the Authority to the City described in Section 3.2 hereof.

PFC: means the Passenger Facility Charge imposed by the Authority on airline tickets for passengers utilizing the Project.

Tax Levy: means the ad valorem tax levy to pay the principal of and interest on the Bonds as set forth in the Bond Resolution.

**Section 1.2 Severability.** If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation, payment and performance of the Loan.

**Section 1.3 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

## **ARTICLE II – Issuance of the Bonds**

**Section 2.1 Agreement to Issue Bonds.** The City agrees to issue the Bonds and lend the proceeds to the Authority for refunding the 2012 Bonds and for the cost of issuance of the Bonds.

**Section 2.2 Refunding of 2012 Bonds.** The City's and the Authority's plan of finance for the payment and prepayment of the 2012 Bonds and the prepayment of the 2012 Loan is as follows: (i) pursuant to the 2012 Loan Agreement, the Authority has deposited with the City \$\_\_\_\_\_ for payment of the principal and interest due on the 2012 Bonds on February 1, 2022; (ii) the Authority has deposited with the City \$590,000 from General Revenues of the Authority, as a prepayment of a portion of the 2012 Loan and for deposit in the 2012 Bonds Debt Service Account; and (iii) proceeds of the Bonds in the amount equal to \$\_\_\_\_\_ which together with the \$\_\_\_\_\_ will be sufficient to pay, prepay and redeem the outstanding 2012 Bonds and the 2012 Loan on February 1, 2022, and pay the cost of issuance of the Bonds.

**Section 2.3 Status of 2012 Loan and 2013 Loan.** As of the date hereof and after the deposit of the amounts set forth in Section 2.2 hereof (i) the 2012 Loan shall be repaid and shall no longer be outstanding, and the 2012 Loan Agreement shall be as amended and restated pursuant to this Agreement; and (ii) the 2013 Loan shall remain outstanding, and the 2013 Loan Agreement shall be in full force and effect.

## **ARTICLE III – Loan Terms and Conditions**

**Section 3.1 The Loan.** The City agrees, upon the terms and conditions in this Agreement, to lend to the Authority from the sale of the Bonds (the "Loan") \$\_\_\_\_\_, for the uses of such proceeds as set forth in Section 2.2 hereof.

**Section 3.2 Repayment of Loan.** The Authority covenants and agrees to repay the Loan, together with interest thereon, in Loan Repayments which in the aggregate shall be in an amount sufficient to pay in full and when due, all of the principal of and interest on the Bonds. To provide for the repayment of the Loan hereunder, until the principal of and interest on the Bonds have been finally paid or provision for payment thereof shall have been made in accordance with



the Bond Resolution, the Authority covenants and agrees to pay to the City the following amounts from PFC, CFC and to the extent needed, the General Revenues of the Authority:

(a) On each December 1, commencing with December 1, 2021, the Authority shall deposit in the Debt Service Account for the Bonds maintained by the City the amount due on the Bonds during the next Bond Year; and

(b) On demand of the City, any additional costs incurred by the City in connection with the Bonds, including, but not limited to bond registrar fees and expenses.

The amount of the Loan Repayment due on each December 1 is set forth on Exhibit A hereto, and the anticipated payments from PFC and CFC are set forth on Exhibits A-1 and A-2, respectively. If the funds generated by the PFC and CFC are ever insufficient to make such scheduled payments, the Authority shall nevertheless make the full Loan Repayment from General Revenues.

The Authority understands that the City has provided for the Tax Levy in the Bond Resolution and it can only cancel the Tax Levy if and to the extent funds are on deposit in the Debt Service Account prior to the date the City establishes its annual tax levy, which occurs on or about December 15 of each year.

**Section 3.3 Prepayment of Loan.** The Authority may prepay the Loan with the written consent of the City's chief administrative officer and in connection with the prepayment and redemption of the Bonds as permitted by the Bond Resolution.

#### **ARTICLE IV – Representations, Covenants and Warranties**

**Section 4.1 Representations, Covenants and Warranties of the City.** The City represents, covenants and warrants as follows:

(a) The City is a duly formed and validly existing municipal corporation and political subdivision of the State, governed by the Constitution and laws of the State and its home rule charter.

(b) The officers of the City executing this Agreement have been duly authorized to execute and deliver this Agreement and perform its obligations hereunder pursuant to the terms and provisions of a resolution of the Council.

**Section 4.2 Representations, Covenants and Warranties of the Authority.** The Authority represents, covenants and warrants as follows:

(a) The Authority is a duly formed and validly existing authority of the City, governed by the Constitution and laws of the State, including the Act.

(b) The laws of the State authorize the Authority to enter into this Agreement and the transactions contemplated hereby, and to carry out its obligations hereunder, and that the Loan is a revenue obligation within the meaning of Section 5, Subd. 2(f) and Section 9 of the Act.

(c) The officers of the Authority executing this Agreement have been duly authorized to execute and deliver this Agreement and perform its obligations hereunder, pursuant to the terms and provisions of a resolution of the Board of Directors of the Authority adopted on September 21, 2021.

(d) The Authority will to the fullest possible extent join with the City in fulfilling the City's pledges set forth in the Bond Resolution.

(e) The Authority shall (i) keep the Project in good condition and repair, normal depreciation excepted; (ii) from time to time replace any worn, broken or defective portion thereof; (iii) promptly notify the City of any material loss of or material damage to the Project or of any material adverse change in the prospect of payment of any account, instrument and other right to payment constituting PFC, CFC or General Revenues; and (iv) at the City Treasurer's office and Authority's chief executive office, keep accurate and complete records pertaining to the Authority's financial condition, business and property.

(f) The Authority shall exercise due care in the use, operation and maintenance of the Project, and shall not install, use, operate or maintain the Project improperly, carelessly, in violation of any state and federal law or for a purpose or in a manner contrary to that contemplated by this Agreement or the Bond Resolution. The Authority shall comply with all state and federal laws applicable to the use, possession, management and operation of the Project, and if compliance with any such state and federal law requires changes or additions to be made to the Project, such changes or additions shall be made by the Authority at the Authority's expense.

(g) The Authority confirms its obligations under the 2013 Loan Agreement.

## **ARTICLE V – Events of Default**

**Section 5.1 Enforcement of Covenants.** Upon an Event of Default hereunder, the non-defaulting party may perform or observe such agreement and take any action which the non-defaulting party may deem necessary or desirable to cure or correct such failure.

**Section 5.2 Events of Default.** The occurrence of any of the following events shall constitute an "Event of Default": any default in the payment or performance of any term of this Agreement by either party which continues after 30-days' written notice by the other party.

**Section 5.3 Remedies.** Upon the occurrence of any Event of Default and at any time thereafter, the non-defaulting party may exercise and enforce any and all rights and remedies available upon default under this Agreement and any other applicable agreements and laws.

**Section 5.4 Notices on Default.** If notice to the City or the Authority is required, such notice shall be deemed reasonably and properly given if mailed by regular or certified mail, postage prepaid, to the City or the Authority at the addresses stated in Section 6.2 of this Agreement at least 10 days prior to the action described in such notice.

## ARTICLE VI – Miscellaneous

**Section 6.1 Miscellaneous.** A carbon, photographic or other reproduction of this Agreement is sufficient as a financing statement. This Agreement cannot be waived, modified, amended, abridged, supplemented, terminated or discharged except by a writing duly executed by the parties. A waiver shall be effective only when in writing and in the specific instance and for the specific purpose given. No delay or failure to act shall preclude the exercise or enforcement of any of the rights or remedies. All rights and remedies of the parties shall be cumulative and may be exercised singularly, concurrently or successively at the respective party's option, and the exercise or enforcement of any one such right or remedy shall not be a condition to or bar the exercise or enforcement of any other. This Agreement shall be binding upon and inure to the benefit of the City and the Authority and their respective successors and assigns and shall take effect when executed by the City and the Authority.

**Section 6.2 Notices, etc. to City and Authority.** Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by this Agreement to be communicated to or among the parties hereto shall be sufficient for every purpose hereunder if made, given or furnished in writing, and served upon such party or mailed with postage prepaid and addressed as follows:

If to the City:	City of Duluth Attention: Chief Administrative Officer City Hall, Room 418 411 West First Street Duluth, MN 55802
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If to the Authority:	Duluth Airport Authority Attention: Executive Director 4701 Grinden Drive Duluth, MN 55811
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(remainder of page left intentionally blank)

IN WITNESS WHEREOF, the duly authorized officers of the parties hereto affix their signatures, all as of the date first written above.

CITY OF DULUTH, MINNESOTA

---

Mayor

Attest:

---

Clerk

Countersigned:

---

City Auditor

Approved as to form:

---

City Attorney

DULUTH AIRPORT AUTHORITY

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

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

Approved as to form:

\_\_\_\_\_  
Assistant City Attorney

## EXHIBIT A

### Authority Loan Repayment Schedule

<b>Payment Date</b>	<b>Bond Year</b>	<b>Payment Amount from Authority to City</b>
12/01/2021	02/02/2022 through 02/01/2023	*
12/01/2022	02/02/2023 through 02/01/2024	
12/01/2023	02/02/2024 through 02/01/2025	
12/01/2024	02/02/2025 through 02/01/2026	
12/01/2025	02/02/2026 through 02/01/2027	
12/01/2026	02/02/2027 through 02/01/2028	

\*\$\_\_\_\_\_, the rounding amount as set forth in the Bond Resolution, is available to reduce the 12/01/2021 Payment Amount.

**EXHIBIT A-1**

**Anticipated Payments from Passenger Facility Charge**

**EXHIBIT A-2**

**Anticipated Payments from Customer Facilities Charge**



Estimated Payment Schedule - NOT FINAL UNTIL BONDS ARE ISSUED

**SAVINGS**

**City of Duluth, Minnesota  
Current Refunding of the Series 2012B Bonds**

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>	<i>Annual Savings</i>	<i>Present Value to 11/03/2021 @ 1.3469917%</i>
02/01/2022	49,300.00		49,300.00	49,300.00	49,138.48
08/01/2022	49,300.00	25,242.06	24,057.94		23,818.70
02/01/2023	579,300.00	486,953.63	92,346.37	116,404.31	90,816.41
08/01/2023	42,675.00	15,708.13	26,966.87		26,342.68
02/01/2024	582,675.00	495,708.13	86,966.87	113,933.74	84,385.54
08/01/2024	35,587.50	13,924.93	21,662.57		20,878.97
02/01/2025	585,587.50	493,924.93	91,662.57	113,325.14	87,755.82
08/01/2025	27,681.25	11,508.13	16,173.12		15,380.22
02/01/2026	597,681.25	496,508.13	101,173.12	117,346.24	95,569.38
08/01/2026	19,131.25	8,004.00	11,127.25		10,440.62
02/01/2027	609,131.25	503,004.00	106,127.25	117,254.50	98,912.28
08/01/2027	9,912.50	4,242.00	5,670.50		5,249.64
02/01/2028	619,912.50	509,242.00	110,670.50	116,341.00	101,771.20
	3,807,875.00	3,063,970.07	743,904.93	743,904.93	710,459.96

**Savings Summary**

PV of savings from cash flow	710,459.96
Less: Prior funds on hand	-590,000.00
Plus: Refunding funds on hand	3,645.00
Net PV Savings	124,104.96

## SALE SCHEDULE

**ISSUER: CITY OF DULUTH**

**ISSUE NAME: G.O. CAPITAL IMPROVEMENT BONDS, SERIES 2021A  
G.O. CAPITAL EQUIPMENT NOTES, SERIES 2021B  
G.O. TAX ABATEMENT REFUNDING BONDS, SERIES 2021C  
TAXABLE G.O. AIRPORT IMPROVEMENT REFUNDING BONDS, SERIES 2021D**

<i>Date</i>	<i>Event</i>
9/16/2021	Public Financial Management provides information for preparation of official terms of offering and resolutions
9/30/2021	File proposed resolutions with City establishing the terms of offering
10/7/2021	City Council agenda session
10/11/2021	City Council adopts resolutions authorizing the sale of the bonds and notes, establishing the terms of offerings and providing for awarding the sale thereof
10/20/2021	Bid opening; City's Chief Administrative Officer and Finance Director sign bid forms
11/3/2021	Closing and delivery of the bonds and notes

September						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				



Office of Aeronautics  
395 John Ireland Blvd  
Saint Paul, MN 55155

September 01, 2021

Mark Papko  
4701 Grinden Dr  
Duluth, MN 55811

Dear Mr Papko,

The Minnesota Department of Transportation Aeronautics Office has completed its review and prioritization of requests for State Fiscal Year 2022 funding from the State Airports Fund.

I am pleased to inform you that the **Seaplane Base Dock Expansion** project, for an estimated total cost of \$20,000.00; and the **Seaplane Base Ramp Rehab** project, for an estimated total cost of \$50,000.00; as identified in your DYT 2022 Capital Improvement Program (CIP), have been selected to receive a future State Grant Offer. MnDOT will execute a Grant Contract under the following conditions:

- These funds have been identified for the project identified in this letter and cannot be applied toward another project at your airport.
- The funds are available to execute the grant during State Fiscal Year 2022 (July 1, 2021 to June 30, 2022). If you decide NOT to proceed with this project during this time period, you may lose the funding opportunity. If you wish to pursue the project at a later date, you should resubmit the project in a future year CIP request, where it will compete in a new round with all other airport projects statewide.
- If you move forward with this project, MnDOT will encumber funds for the project after receiving a Grant Request Letter from you. After an encumbrance is complete, MnDOT will send a Notice of Approval to Proceed. Costs incurred after that notice will ultimately be eligible for reimbursement. However, you might want to wait to incur costs until after you have received a fully executed Grant Contract, as only the executed Grant Contract is your guarantee of funding. In addition, no reimbursement may begin until the Grant Contract is fully executed.
- The above bullet points apply to the default process. If there is some urgency on your part, and you wish to start earlier, there is now the possibility of an alternate process referred to as the "Early Encumbrance" process. Consult with your Airport Development Representative if you wish to explore this new option.

Please communicate with me at your convenience if you wish to proceed with the project, but no later than October 2nd, 2021. After we receive such a notice, we will discuss with you by what date we will require a Grant Request Letter from you. If you no longer wish to pursue funding for the identified project in State Fiscal Year 2022, please notify me as soon as possible.

Let me know if any questions or concerns. If you would like to learn more about our Airport Grant Process, see this eLearning module at: <http://www.dot.state.mn.us/onlinelearning/aeronautics/grant/>.

Sincerely,

*Matthew Lebens*

Matthew Lebens  
[matthew.lebens@state.mn.us](mailto:matthew.lebens@state.mn.us)



Office of Aeronautics  
395 John Ireland Blvd  
Saint Paul, MN 55155

September 01, 2021

Mark Papko  
4701 Grinden Dr  
Duluth, MN 55811

Dear Mr Papko,

The Minnesota Department of Transportation Aeronautics Office has completed its review and prioritization of requests for State Fiscal Year 2022 funding from the State Airports Fund.

I am pleased to inform you that the **HANGAR 101- (CONSTRUCTION)** project, for an estimated total cost of \$350,000.00; and the **MIDFIELD RAMP REPAIR** project, for an estimated total cost of \$1,000,000.00; and the **PAVEMENT MAINTENANCE** project, for an estimated total cost of \$150,000.00, as identified in your DLH 2022 Capital Improvement Program (CIP), have been selected to receive a future State Grant Offer. MnDOT will execute a Grant Contract under the following conditions:

- These funds have been identified for the project identified in this letter and cannot be applied toward another project at your airport.
- The funds are available to execute the grant during State Fiscal Year 2022 (July 1, 2021 to June 30, 2022). If you decide NOT to proceed with this project during this time period, you may lose the funding opportunity. If you wish to pursue the project at a later date, you should resubmit the project in a future year CIP request, where it will compete in a new round with all other airport projects statewide.
- If you move forward with this project, MnDOT will encumber funds for the project after receiving a Grant Request Letter from you. After an encumbrance is complete, MnDOT will send a Notice of Approval to Proceed. Costs incurred after that notice will ultimately be eligible for reimbursement. However, you might want to wait to incur costs until after you have received a fully executed Grant Contract, as only the executed Grant Contract is your guarantee of funding. In addition, no reimbursement may begin until the Grant Contract is fully executed.
- The above bullet points apply to the default process. If there is some urgency on your part, and you wish to start earlier, there is now the possibility of an alternate process referred to as the "Early Encumbrance" process. Consult with your Airport Development Representative if you wish to explore this new option.

Please communicate with me at your convenience if you wish to proceed with the project, but no later than October 2nd, 2021. After we receive such a notice, we will discuss with you by what date we will require a Grant Request Letter from you. If you no longer wish to pursue funding for the identified project in State Fiscal Year 2022, please notify me as soon as possible.

Let me know if any questions or concerns. If you would like to learn more about our Airport Grant Process, see this eLearning module at: <http://www.dot.state.mn.us/onlinelearning/aeronautics/grant/>.

Sincerely,

*Matthew Lebens*

Matthew Lebens  
[matthew.lebens@state.mn.us](mailto:matthew.lebens@state.mn.us)

# VII E

## Duluth Airport Authority Cotter-Luck Sky Harbor Lot 9 Land Lease

### ***Terms:***

- 10 year base term with two (2) additional five (5) year option terms.

### ***Background:***

- Current lease set to expire.
- Cotter & Luck have been long time tenants at Sky Harbor.

### ***Agreement Overview:***

- Rate is consistent with other DYT Land Leases at \$.22 per square foot.
- All language is current and consistent with other DYT Land Leases.



**HANGAR #9 LAND LEASE  
SKY HARBOR AIRPORT**  
*Cotter/Luck*

Parties to this Agreement are the DULUTH AIRPORT AUTHORITY, hereinafter called "Authority" and Robert Cotter, Anne Cotter, Richard Luck, and Renae Luck, tenants in common, hereinafter referred to as "Lessees".

THE PARTIES ACKNOWLEDGE THE FOLLOWING:

1. Pursuant to Laws 1969, Chapter 577, the Authority is the operator of Duluth Sky Harbor Airport, located in the City of Duluth, State of Minnesota; and
2. Lessees are engaged in the non-commercial pursuit of aviation and desire to maintain a hangar building for their use on said 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 Agreement, shall have the meanings as ascribed to them hereunder.

- A. Airport: shall mean Sky Harbor Airport located in the City of Duluth, County of St. Louis, State of Minnesota.
- B. Consent or Approval of Authority and/or of Executive Director: where this Agreement calls for the consent or approval of the Authority, the same shall be in the form of a resolution approved by the Authority as provided by law; where the consent or approval of the Executive Director is required, the same shall be evidenced by a written document signed by him/her.
- C. Executive Director: shall refer to the Executive Director of the Authority or his/her designee.
- D. Leased Premises: shall refer to that portion of the Airport leased to Lessees for their
- E. exclusive use as further described in SECTION 3, Subparagraph A of this Agreement and **Exhibit A** attached hereto and incorporated herein.
- F. Leasehold Improvements: shall refer collectively to all items located on, within, and attached to the Leased Premises provided or purchased by Lessees or a previous Lessee, including such items as buildings, structures, insulation, utilities, systems, ramps and taxiways.

**SECTION 2**  
Operations & Performance

Lessees are hereby authorized to utilize the Leased Premises only for the following purposes:

- A. To securely store and maintain aircraft in Lessee's hangar which aircraft is owned or controlled by Lessees for private and non-commercial aviation purposes.
- B. To provide pilots' lounge facilities, preflight briefing area, and related improvements.

- C. To safely store other personal property in Lessee's hangar as approved in writing by the Executive Director which approval will not be unreasonably withheld or delayed.

### **SECTION 3**

#### **Leased Premises & Use of Facilities**

- A. Leased Premises: During the term of this Agreement and any extensions thereof, Authority does hereby lease to Lessees for its exclusive use that tract of land lying in Parcel 6 of the REFEREE'S PLAT OF MINNESOTA POINT as recorded in the Office of the Register of Deeds in Book "G" of Plats, Page 38, labeled as Hangar 9 on Exhibit A, more particularly described as follows:

Beginning at the southeasterly corner of the Duluth Airport Authority Hangar Concrete Ramp at Sky Harbor Airport; thence southeasterly along the northeast edge of the bituminous aircraft parking ramp 565" 11" to the point of beginning of the line described. Then deflect 90° to the left and go 105" 0" to a point, then deflect 90° to the right and go 80' 0" to a point, then deflect 90° to the right and go 105" 0" to a point, then deflect 90° to the right and to 80" 0" to the point of beginning, consisting of 8,400 square feet, more or less.

- B. Use of Airport Facilities: Authority does additionally hereby grant to Lessees a license for the use of all public facilities at the Airport to the same extent as other tenants, including, but not limited to, runways, ramps and taxiways.

### **SECTION 4**

#### **Rent, Taxes, Assessments, License Fees, and Utilities**

- A. Rent: For the Term of this Agreement, Lessees agree to pay rent on the Leased Premises consisting of 8,400 square feet, more or less in the amount of \$.224 cents per square foot per year for a total yearly rent of \$1,880.51, payable on or before September 1 each year.

On September 1<sup>st</sup> 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.

- B. Taxes, Assessments and License Fees: Lessees shall be liable for the payment of all real property and personal 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, charged by any governmental agency and shall provide evidence of payment of any such taxes to Authority as such taxes shall become due. If Lessees shall fail or neglect to pay any of said taxes, assessments, license fees or other charges when the same become due, 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 Lessees, and Lessees hereby agree to pay such entire amount due to the Authority upon demand therefor.
- C. Utilities: Lessees shall be responsible for providing and connecting any utilities to the Leased Premises covered by this Agreement at no cost to the Authority, including, but not limited to, electricity, gas, water, sewer, heat, telephone and garbage disposal. Lessees shall be responsible for paying the applicable monthly utility service charges and any other fees for use of the Leased Premises.

## **SECTION 5**

### **Term**

- A. Base Term: The term of this Agreement shall commence on October 1, 2021, and terminate on September 30, 2031, unless sooner or later terminated as herein provided.
- B. Option Term: The parties reserve the right to exercise two (2) additional five (5) year option terms beyond the base term provided that the parties mutually agree to exercise the option term sixty (60) days prior to the end of the base term or any executed option term.

After the expiration of the base term and any exercised option terms, should Lessees have the Executive Director's written permission to remain in possession of the Leased Premises, then the tenancy shall be month to month under the same terms and conditions set forth in this Agreement subject to the right of either party to terminate said continuance of this Agreement upon twenty-eight (28) days' written notice to the other party. Lessees shall have the right, within 28 days prior to the end of the term of this Agreement, to meet and negotiate with Authority for a new lease; the terms and conditions of which are subject to negotiation. Authority shall not lease the Leased Premises to another party during this 28-day period without first offering to negotiate a new lease agreement with Lessees.

## **SECTION 6**

### **Premises Maintenance**

Lessees agree 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 Lessees 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 Lessees for said work plus a fifteen percent (15%) administrative fee, due and payable upon the date of the invoice. Lessees are responsible to perform all maintenance on its own personal property including the hangar bay doors and door operating equipment.

## **SECTION 7**

### **Construction**

In the event that Lessees wish to make any modifications or improvements on the Airport, they shall present its request to the Executive Director in writing together with design development or construction drawings showing all details of said improvement. No improvement shall be made on the Leased Premises without the prior written approval of the Executive Director which approval will not be unreasonably delayed and then only in conformance with the approved plans and this Section.

- A. Design and Construction: Design of proposed hangar must be compatible with structures currently at the Airport. The Airport is zoned AP for airport. All design and construction must meet local, State, and/or Federal building codes.
  - a. A paved apron connector to the proposed hangar is required and the sole responsibility of the Lessees.
  - b. The Lessees must provide a construction schedule.
  - c. The Lessees must complete and submit for approval by the FAA, the Notification of Proposed Construction or Alteration, FAA form 7460-1, prior to plans submittal. Form 7460-1 is attached as Exhibit E.
  - d. Proposed construction must be of an aviation hangar. Uses and design of the hangar will solely be for aviation uses in compliance with FAA regulations and minimum standards as maybe amended from time to time.



B. Construction Standards and Approvals: All work done by Lessees, or under their direction, shall conform to all applicable regulations, building codes and health standards, as well as the following requirements:

- a. 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, where relevant.
- b. Complete contract drawings and specifications on all work, including alterations, additions or replacements, must be submitted for and receive prior written approval of the Executive Director which will not be unreasonably withheld or delayed.
- c. All work must be done by competent contractors in the time and manner approved by the Executive Director which will not be unreasonably withheld or delayed and coordinated with Executive Director. Lessees shall comply with the indemnity and insurance and bond requirements of this Agreement.
- d. An authorized representative of Lessees shall be available at all reasonable times at the site to coordinate the work of the leasehold improvements.

C. Construction Bonds and Insurance:

- a. Bonds: During the term of this Agreement, when any modifications or improvements are constructed, installed or renovated, Lessees shall procure and furnish to Authority a contractors' 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 obligee, Lessees 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, and before the commencement of work thereon, Lessees 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. Notwithstanding the foregoing, Lessees may furnish Executive Director with a personal indemnity or other evidences, at the sole option of and satisfactory to the Executive Director, of its ability to complete construction without liens.

D. Contractor's Public Liability and Property Insurance: Before commencing any improvement, work or equipment installation on the Airport, Lessees shall require all contractors and subcontractors to procure and maintain insurance during the life of such contracts, protecting both the Authority and the Lessees 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 be not 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) on account of any one accident, and property damage in an amount not less than One Million Five Hundred Thousand Dollars (\$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.

- E. Subsequent Leasehold Improvements: Any changes in, additions to or deletions from existing or later constructed leasehold improvements shall be at Lessees' sole expense and subject to the prior written approval of the Executive Director which will not be unreasonably delayed, and the Executive Director may impose such conditions as he/she shall deem necessary to protect and promote the Authority and the integrity of all operations at the Airport, including, but not limited to, bonding and insurance requirements. Exterior signs, color of building or roof, exterior construction materials and decorations are subject to the discretion, approval and regulation of the Executive Director which will not be unreasonably withheld or delayed.

## **SECTION 8**

### Authority's Obligations

The Authority shall properly maintain, operate, and manage the Airport at all times in a safe manner consistent with the generally accepted good practices in the State of Minnesota for airports of similar size and character. If for any reason beyond the control of the Authority (including, without in any manner limiting the generality of the foregoing, war, strikes, riots, civil commotion's and similar causes), the Authority shall fail to properly maintain, operate and manage said Airport, such failure shall not operate as a breach of this Agreement or render the Authority liable in damages.

## **SECTION 9**

### Indemnity, Insurance and Waiver of Claims

- A. Defense and Indemnity: Lessees 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 Lessees, 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 Lessees, its officials, agents or employees, successors or assigns, Lessees' performance of obligations under this Agreement, or the use and/or occupancy of the Leased Premises or of the Airport by Lessees, its officials, agents or employees, or successors or assigns, and on ten (10) days' written notice from the Authority, the Lessees 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 Lessees 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 Lessees, its officials, agents or employees, successors or assigns. Lessees 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 Lessees', its officials, agents or employee, successors or assigns in its operations at the Airport; and Lessees specifically agree 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.
- D. Insurance: Lessees shall carry and maintain in full force and effect during the term of this Agreement the minimum amounts of insurance set forth below. The Lessees shall carry workers' compensation insurance on all of its employees employed on the Airport. Lessees 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 Lessees agree 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.
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 if Operator uses any vehicles.
  3. Aircraft Liability insurance for operational and airworthy aircraft 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.
- E. Insurance Primary: All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or City.
- F. Insurance Not Limitation: It is understood that the specified amounts of insurance stated in this paragraph shall in no way limit the liability of Lessees under this Section.
- G. 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 Lessees 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 Lessees.
- H. Authority's Fire Insurance: Lessees covenant that they will not do or permit to be done any act which:

- a. will invalidate or be in conflict with any fire insurance policies covering the Airport or any part thereof or upon the contents of any building thereof; or
- b. will increase the rate of fire insurance on the Airport or any part thereof or upon the contents of any building thereof; or
- c. 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 Lessees' 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 Lessees 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 Lessees' failure to comply with this section.

- I. Waiver of Claims: Lessees waive 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 10**

### Laws, Ordinances, Rules, And Non-Discrimination

- A. Laws, Ordinances and Rules: The Lessees agree 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, Lessees agree to fulfill its responsibilities pursuant to the Airport Security Plan approved by the Federal Aviation Administration and any amendments thereto.
- B. Non-discrimination: The Lessees for themselves, their 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 Lessees 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 11**  
Authority's Rights Upon Default

- A. Rights: If at any time Lessees 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 Lessees, re-enter onto or upon the Leased 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 Lessees 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; or
  2. Authority may at its election terminate this Agreement upon written notice in the manner hereinafter provided and re-enter upon said Leased Premises as of its former estate therein, and the Lessees covenants in case of such termination to indemnify the Authority against all loss of rents and expense which the Authority has suffered or paid by reason of such termination, during the residue of the term; or
  3. The Authority shall further have all other rights and remedies including injunctive relief, ejectment or summary proceedings for unlawful detainer, and any and 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 exists:
1. If the Lessees 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.
  2. If the Lessees fail 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 Lessees written notice, or the Lessees 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
  3. If a petition to reorganize the Lessees or for its arrangement of its unsecured debts shall be filed, or
  4. If the Lessees shall be adjudicated bankrupt, or
  5. If a receiver or trustee of the Lessee's property shall be appointed by any court, or
  6. If the Lessees shall make a general assignment for the benefit of creditors, or
  7. If all of the interest of the Lessees in their property shall be taken by garnishment, attachment, execution or other process of law, or
  8. If the Leased Premises shall be deserted or vacated.

**SECTION 12**  
Termination by Lessees

- A. Termination: Lessees may terminate this Agreement prior to the end of its term, or any extension thereof, for the following reasons:
1. Failure of the Authority to substantially perform its obligations hereunder, if such failure shall continue for sixty (60) days after Lessees have given Authority written notice or the Authority shall fail to commence the rectification of such failure within sixty (60) days after such notice and to diligently prosecute the same where the same cannot be completed within sixty (60) days.
  2. If the Authority shall commit any act or engage in any activity that prevents the Lessees from conducting its uses and activities as provided under the terms of this Agreement for a period

of sixty (60) days without the consent of Lessees and after Lessees have given notice to the Authority as provided for herein.

3. If by any act or cause, whether by the Authority or not, Lessees are unable, by reason of change in regulation, termination of operation, or damage to the Leased Premises, to utilize the Leased Premises herein rented by Lessees for a period of six (6) months.

- B. Abatement in Lieu of Termination: In lieu of termination of this Agreement by the Lessees under the provisions of Paragraph A above, the Lessees may, at its option, declare a moratorium on rent payments, or any other payments provided hereunder to the Authority during the interruptions of Lessees' use of the Leased Premises and in such event, the term of this Agreement shall be extended for a period of such interruption, or interruptions, and the moratorium on any payments hereunder by Lessees shall continue until Lessees' use of the Leased Premises can be uninterruptedly continued.

### **SECTION 13**

#### **Force Majeure**

If war, civil insurrection, natural disaster, change in law, action of the federal, state or city government, or other force beyond the control of the parties render the continuance of this Agreement impossible, then it shall terminate on thirty (30) days' notice to the other party.

### **SECTION 14**

#### **Waiver of Breach**

The waiver by the Authority or the Lessees 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 15**

#### **Real Property Upon Termination**

- A. Authority's Option to Buy: At the termination of this Agreement, Authority shall have the option to purchase from Lessees any Leasehold Improvements on the Leased Premises that are then owned by Lessees. The purchase price for said Leasehold Improvements shall be determined by an appraisal of the fair market value thereof made by a board of three (3) appraisers, one of whom shall be named by the Authority, one of whom shall be named by the Lessees, and the third of whom shall be named by the two appraisers appointed respectively by the Lessees and the Authority. Upon approval of the Authority, said purchase price, as so determined, shall be paid by Authority to Lessees after completion of said appraisal upon Lessees' tendering to Authority good and marketable title to said Leasehold Improvements, free and clear of all encumbrances.
- B. Removal If Option Not Exercised: In the event that Authority does not exercise its option to purchase said Leasehold Improvements as provided for herein, and if Lessees shall have paid all taxes, assessments, rent or other charges by it payable under the terms of this Agreement, and shall have kept and performed all of the terms and conditions of this Agreement, then Lessees shall have the right to remove from Leased Premises all Leasehold Improvements thereon belonging to the Lessees, and shall restore Leased Premises to as good condition as they were in when they were entered upon by Lessees, provided that Lessees shall do so within sixty (60) days after the termination of this Agreement. If said Leasehold Improvements are not so removed, the Lessees hereby conveys the same absolutely to the Authority and title thereto, upon the expiration of said sixty (60) day period shall vest with the Authority without further act or conveyance; provided, however, that if Lessees demonstrate to Authority that for reasons

beyond the control of Lessees such removal cannot be completed within said sixty (60) day period, then Executive Director may allow Lessees, in writing, a reasonable extension of time for such removal. In the event the Leasehold Improvements are not removed within said 60 day time period or such extension thereof as may be allowed by the Executive Director, the Authority, at its sole option, may remove or demolish or cause the removal or demolition of the Leasehold Improvements or any portion thereof, at Lessees' sole cost and expense, and payment for said removal or demolition shall be made immediately upon receipt by Lessees of invoice therefor.

- C. Restore Premises: In all events upon the termination of this Agreement, Lessees agree to repair or restore any damage to the Leased Premises or diminution in the value thereof resulting from Lessees' operation on the Airport except normal wear and tear which are the natural and normal consequences of Lessees' operations at the Airport.

## **SECTION 16**

### **Subleases and Assignments**

The Lessees shall not assign, pledge, or transfer, in whole or in part, in any manner, this Agreement, nor any interest therein, nor permit the Agreement to become transferred by operation of law, including inheritance, 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 prior written consent of the Executive Director shall be obtained in each and every case of such underletting, assignment or transfer as shall from time to time occur or be desired. The parties expressly agree that a majority change in ownership of the controlling interest in Lessees, if any, shall be deemed to be an assignment hereunder. It is expressly agreed by the Lessees that in the event permission be granted by the Executive Director as herein provided, the sub-lessee or assignee shall be required to assume and agree to perform the covenants of this Agreement and that notwithstanding any such subletting or assignment, the Lessees 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. The parties agree that Executive Director shall meet and confer in good faith with any party Lessees propose as a sub-lessee or assignee of this Agreement for the purpose of reaching an accord on occupation of the Leased Premises.

## **SECTION 17**

### **Erection of Signs**

The Lessees shall be allowed to erect suitable signs on the Leased Premises to indicate its location or occupancy, but the form, type, size and method of installation of any such signs shall be subject to the prior written approval of the Executive Director which will not be unreasonably withheld or delayed.

## **SECTION 18**

### **Governmental Commitments**

Nothing herein shall be construed to prevent the Authority from making such commitments, as it determines is in its best interest, to the Government of the United States or to the State of Minnesota in order to qualify for the expenditure of Federal or State funds at the Airport or related in any manner to the operation thereof, and this Agreement shall be subordinate to the provisions of any existing or future agreement between the Authority and the Government of the United States or of the State of Minnesota relative to the operation or maintenance of the Airport.

**SECTION 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 Lessees, but to be valid any such changes must be in writing, dated and must be executed with the same formalities as this Agreement.

**SECTION 21**  
Notices

All notices to be given by Lessees 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, Attn: Executive Director. All notices to be given by Authority to Lessees shall be deemed to have been delivered by depositing the same in writing in the United States Mail addressed to Robert Cotter at 595 W. Winona Street Duluth, MN 55803 and Richard Luck at 24 Kilner Bay Drive Superior, WI 54880.

**SECTION 22**  
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 23**  
Applicable Law

This Agreement, together with all of its articles, 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 shall be in a court located in St. Louis County, Minnesota.

IN WITNESS WHEREOF, the parties have hereunto set their hands this \_\_\_\_\_ day of \_\_\_\_\_, 2021

**DULUTH AIRPORT AUTHORITY**

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

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

**LESSEES**

By \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_



# Exhibit A



# VII F

## Airline Use & Lease Agreement Sun Country Airlines, Inc.; dba Sun Country Airlines

### ***Terms:***

- 15 Months, October 1, 2021- December 31, 2023

### ***Background:***

- New agreement with Sun Country Airlines to begin air service and lease space
- Same agreement as other airlines that was approved December 2018
- Same ending term as other airline agreements

### ***Agreement Overview:***

- Space lease includes 806 square foot of office and ticket counter space
- Includes Two Year Incentive Package that includes the following:
  - Landing Fee Waiver
  - Fuel Flowage Fee
  - Fixed Rent Waiver
  - Variable Rent Waiver (shared amongst all airlines and split based on monthly enplanements.)
  - Marketing Support: maximum of \$50,000 per year for 2 year incentive period.

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**AIRLINE USE AND LEASE AGREEMENT**

**DULUTH INTERNATIONAL AIRPORT**

**By and Between**

**Duluth Airport Authority**

**And**

**Sun Country, Inc., dba Sun Country Airlines**

**Effective Date:  
October 1, 2021**

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

THE PARTIES ACKNOWLEDGE THE FOLLOWING:

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

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

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

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

**SECTION 1  
DEFINITIONS**

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

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

service at the Airport. Airline acknowledges that the Authority may refuse to allow any Affiliate Airline who has not executed an Operating Agreement to operate on the Airline's behalf at the Airport.

- B. Airfield: shall mean the runways, taxiways, taxilanes, aircraft parking Apron, and all other paved surfaces and adjacent improvements available for the movement of aircraft.
- C. Airfield Cost Center: shall mean the expenses and revenues attributed to the Airfield.
- D. Airline: shall mean the airline executing this Agreement.
- E. Airport: shall mean the Duluth International Airport located in and adjacent to the City of Duluth, County of St. Louis, State of Minnesota.
- F. Base Term: is defined in Section 4.A. hereof.
- G. City: shall mean the City of Duluth, Minnesota.
- H. City Attorney: shall mean the City Attorney of the City.
- I. Consent or Approval of Authority and of Executive Director: where this Agreement calls for the consent or approval of the Authority, the same shall be in the form of a resolution approved by the Authority as provided by law; where the consent or approval of the Executive Director is required, the same shall be evidenced by a written document signed by the Executive Director or authorized designee.
- J. Cost Center: shall mean categories used for the allocation of revenues and expenses comprised of the Terminal Cost Center, the Airfield Cost Center (to include runways, taxiways, taxilanes, and aircraft parking Apron and all other paved surfaces and adjacent improvements available for the movement of aircraft), and the Other Cost Center to reflect all other aeronautical and non-aeronautical premises on the Airport to which costs and/or revenues may be attributed.
- K. Effective Date: shall mean the commencement date of this Agreement which shall be October 1, 2021.
- L. Executive Director: shall mean the Executive Director of the Authority, or designee.
- M. FAA: shall mean the Federal Aviation Administration.
- N. Fiscal Year: shall mean the period from January 1 through December 31 during the term of this Agreement.
- O. Flight Arrivals: shall mean all scheduled and unscheduled revenue aircraft arrivals from Airline and designated Affiliate Airline(s) which arrive at the Airport utilizing the Airfield.

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

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

## **SECTION 2 EXHIBITS**

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

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

## **SECTION 3 PREMISES AND OPERATIONS**

- A. Use of Airport and Airport Facilities: Airline shall have the right to operate an air transportation business at the Airport for the purpose of carrying of persons, property, cargo and mail, which shall include the following, provided that all usage granted hereunder shall be in conformity with the Laws, Ordinances, Rules, and Civil Rights as provided in Section 14:
1. The handling, ticketing, billing, and manifesting of passengers, baggage, cargo, property, express package service, and mail in air transportation by Airline.
  2. The operating, repairing, maintaining, servicing, parking or storage of aircraft, ground service equipment, or other equipment owned or operated by Airline, and/or its designated Affiliate Airline(s) having executed an Operating Agreement- Affiliate

Airline, or authorized third party ground handler having executed an Operating Agreement- Ground Handler; provided, however, that this Section shall not be intended to require the Authority to provide hangar space.

3. The training at the Airport of personnel in the employ, to be employed, or under contract to Airline or Airline's authorized third party ground handler and the testing of aircraft and equipment owned or operated by the Airline or designated Affiliate Airline(s), it being understood that such training is not to be construed as the right to establish or operate a training school as a separate activity, and that the testing of aircraft and equipment shall not be construed to include the right to establish or operate a major testing facility at the Airport under this Agreement.
4. The right to sell, exchange, or otherwise dispose of Airline's aircraft, engines, accessories, gasoline, oil, greases, lubricants, fuel and other equipment or supplies, including any article or goods used by or bought for use by Airline in connection with its conduct of air transportation; provided, that such rights shall not be construed as authorizing the conduct of a separate business by Airline, but shall permit Airline to perform such functions as are incidental to its conduct of air transportation, and further provided that Airline shall not sell gasoline, fuel, propellants, greases, and other lubricants except to a designated Affiliate Airline(s), or except when the same are at a particular grade or quality not otherwise available at the Airport.
5. The landing, taking off, loading, unloading, and conditioning of aircraft or other equipment.
6. The right to load and unload passengers, property, freight, express package service, supplies and mail by such motor vehicles or other means of conveyance as the Airline may provide and require in the operation of its air transportation system through employees, agents, or contractors of Airline.
7. The right to install signs identifying the Airline brand and flight information at the Airport if not provided by the Authority; the general size, type, construction, and location of which shall be subject to prior written approval of the Executive Director, which approval shall not be unreasonably withheld.
8. The right to install, maintain and operate, at Airline's sole expense either by Airline alone or in conjunction with any other air transportation companies who are Signatory Airlines or through a nominee, radio communications, meteorological, and aerial navigation equipment and facilities in the Terminal subject to the prior written approval of the Executive Director.
9. Such other uses as are typical in connection with the operation of an air transportation business, including, without limitation, providing food and beverages during irregular operations and ticket and related sales.



- B. Space In and Adjacent to the Terminal: The Airline shall have use of the following space in the Terminal:
1. Preferential Use Premises:
    - a. Ticket counter space and allocated queuing space on the first floor of the Terminal as listed on Exhibit A.
    - b. The airline ticket office area on the first floor of the Terminal as listed on Exhibit A.
    - c. The operations space on the first floor of the Terminal as listed on Exhibit A.
    - d. Airline storage space located on the first floor of the Terminal as listed on Exhibit A.
  2. The Joint Use Premises:
    - a. Holdrooms and associated passenger loading bridges as listed on Exhibit A.
    - b. Baggage screening and baggage make up space in the Terminal as listed on Exhibit A.
    - c. Tug tunnel space used by all Airlines as listed on Exhibit A less preferentially leased storage space.
    - d. Baggage claim carousel space as listed on Exhibit A.
    - e. Security checkpoint and exit lane as listed on Exhibit A.
    - f. Ramp Area adjacent to gates as listed on Exhibit B.
- C. Common Space: The use by Airline and its employees, contractors, passengers, and guests of all publicly accessible space in the Terminal including, but not limited to, circulation space, rest rooms, stairways, elevators, escalators, and public seating in common with other users. This provision shall not be construed to grant any special license to Airline or its employees, contractors, passengers, or guests with respect to common space over and above that of the general public.
- D. Vehicle Parking Space: The use by Airline and its employees, contractors, agents working at the Airport, and crew members of Airline in common with others, of adequate vehicular parking space, at a location to be designated by the Executive Director. Authority reserves the right to charge a fee for the use of such space which fee may be adjusted from time to time.
- E. The Right of Ingress and Egress: The full and free right of ingress to and egress from the Leased Premises for all purposes contemplated by this Agreement; however, this right shall be consistent with present and future security regulations of the FAA and/or the Department of Homeland Security or any successor agencies.

#### SECTION 4 TERM

- A. Base Term: The base term (the "Base Term") of this Agreement shall be for fifteen (15) months commencing October 1, 2021 through midnight December 31, 2022, unless otherwise terminated as provided for herein.

- B. Holding Over: It is further agreed that, following expiration of the Term, and if a new agreement in replacement hereof has not been executed, this Agreement shall continue on a month-to-month basis under the terms and conditions of this Agreement, however, rates and charges may be adjusted on the commencement of each Fiscal Year at the sole discretion of the Authority and in compliance with all applicable FAA rules and regulations. The month-to-month tenancy may be terminated by either party upon thirty (30) days' prior written notice to the other party.

## **SECTION 5**

### **RENTALS, FEES, AND CHARGES**

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

A. Landing Fee:

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

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

2. Reporting and Payment of Landing Fees: Airline's actual Flight Arrivals of Airline and designated Affiliate Airline(s) flying on behalf of Airline and actual training flights landing or "touching down" at the Airport, including types of aircraft and FAA approved Maximum Gross Landed Weights for each type of aircraft involved, and the number of enplaning and deplaning revenue and non-revenue passengers for Airline, designated Affiliate Airline(s), and flights ground handled by Airline shall be reported monthly to Authority on forms provided by Authority and attached as Exhibit C on or before the tenth (10<sup>th</sup>) day following the end of the month to which the activity refers.

3. Annual Reconciliation- Landing Fees: Within 180 days following the end of each Fiscal Year during the term of this Agreement and subject to receipt of the final annual financial audit of the Authority's accounts, Authority shall reconcile the budgeted landing fees that are paid based on the calculation as described in Section 5.A.1, versus actual landing fees due and payable based upon the actual activity, expenses, and allocated revenues applied in the Airfield Cost Center. If the total of the landing fees paid by Airline is greater than the amount due based on the reconciliation above, the Authority will issue a credit for the difference, but only if the calculated credit due is greater than the discretionary revenue applied to the base rate calculation used to arrive at the budgeted Landing Fee rate charged. Any credit issued must be applied against any outstanding invoices due and payable from Airline. In the event that the amount of landing fees paid by Airline is less than the amount due based on the reconciliation described above including any discretionary revenue applied to the Airfield requirement, the Authority will invoice Airline for the amount due.

B. Rentals and Fees:

1. Rental Rate Calculation: The cost per square foot of rented space payable by Airline shall be calculated by taking the Terminal Cost Center and subtracting any discretionary revenues, if available and allocated at the sole discretion of the Authority, applied to the Terminal requirement and dividing that sum (Net Terminal Requirement) by the Airline rented square footage of the Terminal to arrive at the Airline rental rate. Terminal Cost Center shall include the following, to the extent allocable to the Terminal: direct and indirect maintenance and operating costs net of federal or state funds; insurance; debt service net of PFCs (as defined in Section 30 hereof), federal and state grants; direct and indirect administration costs; utilities; refuse removal; window washing; carpet and floor maintenance; passenger loading bridge maintenance; and all other costs associated in connection with the operation of the Terminal incurred by the Authority; less the revenues allocated to the Terminal Cost Center). The Authority will allocate forty-seven percent (47%) of parking lot and rental car concession revenue against the Airline's terminal rental requirement.
2. Payment for Preferential Use Premises: During the term of this Agreement, Airline agrees to pay Authority in advance of each month one twelfth of the Airline rental rate multiplied by the total Preferential Use Premises leased to Airline as listed on Exhibit A.
3. Payment for Joint Use Premises: It is agreed between Authority and Airline that all airlines shall have the right to have access to and to use Joint Use Premises identified in Exhibit A of this Agreement. During the term of this Agreement, Airline agrees to pay Authority rental fees for the Joint Use Premises. The total Joint Use Premises rent shall be calculated by multiplying the Airline rental rate set forth in Section 5.B.1. above by the number of Airline square feet in the Joint Use Premises identified in Exhibit A. Signatory Airlines shall pay for their proportionate share of the Joint Use Premises based one hundred percent (100%) of total Signatory enplaned passengers. The rent for the Joint Use Premises will be calculated by the Authority on a monthly basis based on Airline's percentage of total Signatory enplaned passengers

proportionate to total Signatory enplaned passengers for all Signatory Airlines boarding aircraft for the month. Activity for enplanements of Airline, Affiliate Airline(s), and any airlines ground handled by Airline shall be reported to Authority monthly on or before the tenth (10th) day following the end of the month to which the activity is experienced.

- C. Annual Rate Calculation: The Authority will calculate Airline rental rates and landing fees for each Fiscal Year during the term of this Agreement as described herein. The Authority will develop the annual budget and the applicable Airline rental rate and landing fee calculation. The Authority will provide notice to Airlines of the proposed rental rate and landing fee requirements for review with a schedule for adoption by the Authority's Board. Once adopted, the Airline rental rates and landing fees will be applicable in the designated Fiscal Year.
- D. Cost Center Allocations: The Authority reserves the right to review expense and revenue allocations periodically and modify allocations between the Airfield Cost Center, Terminal Cost Center, and Other Cost Center in the annual development of the rates and charges calculation to reflect the appropriate allocation of resources to the respective Cost Centers.
- E. Two Year Incentive Program: Beginning on December 1, 2021, for the first two (2) years of this agreement and a future agreement extending to December 31, 2023, the Authority will provide an incentive program that includes a landing fee waiver, fixed and variable rent waiver, \$.03 per gallon fuel flowage discount and marketing support. In addition to the fee waivers mentioned above in this paragraph, the Authority will spend a maximum of \$50,000 per each year of the incentive period to fund marketing and advertising that either exclusively promotes Sun Country, Inc., dba Sun Country Airlines service or mentions the service within a broader context. No less frequently than quarterly, Sun Country, Inc., dba Sun Country Airlines shall provide reporting on previous month's performance, advanced bookings, load factors, etc. to the Authority to assist with marketing efforts.
- F. International Arrivals Facility Fee: All Signatory Airlines and Non-Signatory Airlines operating at the Airport that utilize space in the Terminal for the purpose of processing passengers arriving from international destinations shall be required to pay to the Authority a fee for the pro rata cost of the use of the international arrivals facility in the Terminal. The fee shall be established annually by the Authority. Any international arrivals facility per use fees received for use of passenger processing space will be credited to the Joint Use Space requirement.
- F. Crash-Fire-Rescue: This Agreement is premised upon the continued provision by the Minnesota Air National Guard of crash-fire-rescue service on the Airport sufficient to meet FAA requirements for said services on airports being served by commercial aircraft. In the event that the Crash-Fire-Rescue service is discontinued by the Minnesota Air National Guard, Airline agrees that it, together with other airlines operating at the Airport, will pay the Authority's direct and indirect costs of providing crash-fire-rescue service at the Airport on a negotiated basis and, upon the happening of the event of such discontinuance. Costs will be calculated and paid based upon one thousand pound (1,000lb) units.

- G. Employee Parking Fees: The Authority reserves the right to assess the Airline an annual employee parking fee for use of Airport parking facilities by employees of and contractors under contract with the Airline while at the Airport for the performance of such employees' and contractors' duties to Airline. The parking fees will be assessed to Airline for all employees and/or authorized contractors, and Airline shall remit the annual fee to the Authority for the number of parking positions requested. The employee parking permits shall be used for parking while employees are on duty and shall not be used for personal use.
- H. Utilities: All utility charges for the Terminal and associated space will be included in the calculation of the square footage rental rate. In the event that Airline requires electrical service in excess of the base level provided, Airline will be charged directly for such utility costs in an amount agreed to by the parties.
- I. Payment Dates: Payment for Preferential Use Premises shall be due and payable on the first of the month for which the space is occupied. For Joint Use Premises and landing fees, payment is due and payable on the last day of the month in which the activity is reported. Payments for all other fees and charges shall be due and payable within thirty (30) days of the invoice date.
- J. Records: Airline agrees to keep and maintain a complete set of financial books and records with respect to the information Airline is required to provide to the Authority hereunder, kept according to generally accepted accounting practices at the Airport or shall make such records available within five (5) business days upon written demand from the Authority. Airline agrees to make those portions of said books and records reasonably necessary to determine the accuracy and validity of the reports referred to in Section 5, available to the Authority and its representatives for inspection and review during normal business hours during the Term of this Agreement and for six (6) years thereafter.

## **SECTION 6**

### **PURCHASE OF SUPPLIES AND MATERIALS AND OTHER CHARGES**

- A. Purchase of Food and Beverages: In the event that Airline wishes to purchase food, beverages, or other supplies used in connection with the serving of meals, snacks, or beverages for distribution to passengers in the Terminal or in-flight food services on flights originating at the Airport from a third-party supplier other than a third-party supplier under a concession contract with Authority, Airline agrees that any such agreement with such Airline supplier shall not be entered into without the prior written approval of the Executive Director. In the event of a delay involving provision of food or beverages to delayed passengers, Airline shall consult with the Authority's concessionaire in order to determine if the concessionaire has the staffing and capacity to accommodate the level of demand anticipated. If it does, the Authority's concessionaire should be utilized. In the event that the Authority's concessionaire does not have the capacity, in the reasonable assessment of Airline, Airline may purchase such products from outside vendors and advise Authority of such action. Provided the process identified is followed, there will be no concession fee due the Authority. If purchased from outside sources without following the process identified above, the provider must pay to the Authority a concession fee at the same rate as the fee paid by the Airport concessionaire for

the applicable product. Nothing contained herein shall preclude Airline from providing snacks similar to what is offered in-flight and water to Airline's delayed passengers at the Airport.

- B. Ground-Handling: Airline shall have the right to provide ground-handling services either with Airline employees or through an authorized third party ground handler provided there is an executed Operating Agreement - Ground Handler in place for any aircraft owned, leased, or operated under contract by Airline or an Affiliate Airline parked at the Ramp Area. Airline's Ground Handler shall have the right to provide ground handling services to other airlines operating at the Airport subject to the prior written approval of the Executive Director.
- C. Required Security Modifications: The parties agree that should substantial security improvements become necessary as a result of Department of Homeland Security and/or Federal Aviation Administration security or certification requirements, the parties will negotiate in good faith to determine what, if any, additional charge, based on cost, will be assessed to Airline as a result of benefits received by Airline from such improvements.

## SECTION 7 FEES, TAXES AND OTHER CHARGES

- A. Responsibility for Fees and Taxes: Airline shall be solely responsible for the payment of all lawful taxes, assessments, license fees or other fees or charges that may be levied, assessed or charged by any governmental agency during the Term of this Agreement arising in any manner out of this Agreement, or on account of the transaction of business by Airline at the Airport, and upon request Airline shall provide evidence of payment of any such taxes to Authority as such taxes shall become due. If Airline shall fail or neglect to pay any of said taxes, assessments, license fees or other fees or charges when the same become due, the Authority may pay the same after fifteen (15) days' advance written notice to Airline of such intent to pay, together with any cost or penalty which may be accrued thereon, whereupon Authority may collect from Airline the entire amount so paid, and Airline shall pay such entire amount and plus a fifteen percent (15%) administrative fee to the Authority promptly upon demand therefor.
- B. Airline's Right to Contest: Airline shall have the right to contest in good faith the validity or amount of any tax, assessment, license fee, excise fee or other charge which it is responsible to pay under this Section and during such period of contest, no event of default shall exist by reason of the failure of Airline to pay such tax, assessment, fee or charge unless such failure shall have a negative effect upon the property or rights of Authority, in which event Airline agrees to promptly pay the same upon notice of Authority of said effect.
- C. Payment for Damage Caused By Airline: For any repairs of documented damage to the Leased Premises that is caused by an Airline employee, contractor, or guest, Airline shall reimburse the Authority for the direct and indirect costs of performing any required repair or replacement. Payment is due and payable upon receipt of invoice.

## SECTION 8 CONSTRUCTION AND LEASEHOLD IMPROVEMENTS

- A. Construction Standards and Approvals: Any construction or Leasehold Improvements, except redecoration contracted for or performed by Airline which redecoration shall require the prior written approval of the Executive Director, shall conform to all applicable regulations, building design standards, building codes, and health codes, as well as the following requirements:
1. All construction shall meet the requirement of Type I (fire resistant) construction as set forth in the Minnesota State Building Code (current edition) and the building standards for the Airport.
  2. Complete contract drawings and specifications on all work, including alterations, additions or replacements, must be submitted for and receive written approval of the Executive Director. Airline will be responsible for delivery to the Authority at no cost "as built" drawings and an electronic version of the same within sixty (60) calendar days after completion of any such improvements.
  3. All work must be done by competent and licensed contractors authorized to do business at the Airport in the time and manner approved by the Executive Director and coordinated with the Executive Director. Airline shall comply with the applicable indemnity and insurance and bond requirements of this Agreement. Work must be performed such that it will not have a material impact on the normal operations of the Airport or unreasonably impact any tenants operating at the Airport.
  4. An authorized representative of Airline shall be available at all reasonable times to coordinate the work of the Leasehold Improvements.
- B. Construction Bonds and Insurance:
1. Bonds: During the term of this Agreement, when any Leasehold Improvements are constructed, installed or renovated, Airline shall require the contractor and any subcontractor to furnish a payment bond, approved as to form and substance by the City Attorney, written by a company or companies authorized to write such bonds in the State of Minnesota and who are acceptable to the Executive Director. The amount of such bond(s) shall be not less than the cost of such construction, installation or renovation including all persons doing work or furnishing skills, tools, machinery, materials, insurance premiums, equipment or supplies incident to such construction, installation or renovation, such bond or bonds to be conditioned for payment of claims as required and in full compliance with Minnesota Statutes Section 574.26. Further, during the term of this Agreement, for any construction, installation or renovation of Leasehold Improvements, and before the commencement of work thereon, Airline shall furnish to Authority performance bonds, written by similarly qualified companies, covering all work to be performed thereunder guaranteeing the performance of all such work. In the alternative, if the value of labor and materials to be furnished for any such improvement shall not exceed Seventy-Five Thousand

Dollars (\$75,000), Airline may furnish to Authority written proof thereof and may, at its option, deposit a sum equal to the value of the labor and materials with an escrow agent approved by Authority or may deposit said sum directly with Authority. Authority shall have the right, but not the obligation, to draw upon said sum to pay all bills unpaid by Airline for said labor and materials supplied for said Leasehold Improvements. Upon completion of the project and the furnishing by Airline to Authority of lien waivers by all contractors, laborers and materialmen involved in said Leasehold Improvement, Authority shall agree to the release of any funds remaining in escrow or held by it to Airline.

2. Contractor's Public Liability and Property: Before commencing any improvement, work or equipment installation on the Leased Premises, Airline shall require all contractors and subcontractors to procure and maintain insurance during the life of such contracts, protecting the Authority, the City, and the Airline as follows:

- a. Worker's Compensation Insurance.
- b. General Liability Insurance with limits no less than \$1,500,000.00 combined single limit per occurrence, including but not limited to, bodily injury and property damage, airport premises and products/completed operations liability, contractual liability, independent contractors' liability, and owned/non-owned aircraft liability.
- c. Automobile Liability Insurance, including automobile and non-ownership and hired cars with limits no less than \$1,500,000.00 each occurrence, including owned and/or leased automobile liability and non-owned and hired automobile liability.
- d. Builders risk insurance, fire, extended coverage, vandalism, and malicious mischief including sprinkler damage or discharge.

3. Insurance Requirements:

- a. Authority and City shall be named as additional insureds on each of the policies above except the Workers' Compensation policy.
- b. All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or City.
- c. Insurance, as above provided, shall be kept intact and in force throughout the term of construction work and equipment installation on the Leased Premises. Such insurance shall be subject to the approval of the City Attorney and copies furnished to the Authority prior to the commencement of construction.

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



## SECTION 9 AIRLINE'S OBLIGATIONS

- A. Service: Airline covenants and agrees to conduct its business in such a manner as will not cause Authority loss or damages.
- B. Maintenance of Leased Premises: Airline agrees to keep the Leased Premises in a clean, neat and orderly condition and in compliance with all laws and codes applicable, including regulations of the Authority and all State and Federal environmental laws and regulations and as set forth in Exhibit D. Airline agrees to perform all janitorial services and general maintenance in the Preferential Use Premises and agrees to make no attachment to, change of, or redecoration or modification in said Preferential Use Premises without the prior written consent of the Executive Director. In the event that Airline shall fail to so maintain any portion of said Preferential Use Premises, Authority shall have the right, but not the obligation, to itself perform or have performed said maintenance after twenty (20) calendar days' advance written notice of such intent to perform such maintenance whereupon Authority may collect the entire charge therefor, and Airline shall pay such amount plus a fifteen percent (15%) administrative fee to Authority immediately upon demand therefor.
- C. Authority's Fire Insurance: Airline covenants that it will not do or permit to be done any act which:
1. Will invalidate or be in conflict with any fire insurance policies covering the Airport or any part thereof or upon the contents of any building thereof; or
  2. Will increase the rate of any fire insurance on the Airport or any part thereof or upon the contents of any building thereof; or
  3. In the reasonable opinion of the Authority, will constitute a hazardous condition so as to increase the risks normally attendant upon the operations contemplated by this Agreement.
- If, by any reason of the Airline's failing to comply with the provisions of this Section, any fire insurance rate on the Airport or any part thereof or upon the contents of any building thereof, at any time, be higher than it otherwise would be, then the Airline shall, upon written notice and failure to correct the compliance during a reasonable cure period, directly reimburse the Authority for that part of all fire insurance premiums paid or payable by the Authority which shall have been charged because of such identified risks taken by the Airline.
- D. Liens: Airline shall not create or permit any mortgage, encumbrance or lien or allow any mechanics' or materialmen's liens to be filed or established or to remain against the Leased Premises, or any part thereof, provided that if Airline shall first notify Authority of its intention to do so and post such security as Authority reasonably deems necessary, Airline may, in good faith, contest any such mechanics' or other liens filed or established as long as Authority does not deem its interest or rights in this Agreement to be subject to foreclosure by reason of such contest.

## **SECTION 10 AUTHORITY'S OBLIGATIONS**

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

## **SECTION 11 INDEMNIFICATION**

A. General: Airline shall indemnify, save, hold harmless, and defend Authority and the City, their officials, agents and employees, successors and assigns, individually or collectively (each a "City Indemnatee" and collectively, the "City Indemnitees"), from and against any claim including a claim for contribution or indemnity, action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to, reasonable attorneys' fees, disbursements, court costs, and expert fees) based upon injury to persons, including death, or damage to property arising out of, resulting from, in conjunction with or incident to any act or omission of Airline, its officials, agents or employees, successors or assigns, the operation of its business and/or performance of its obligations under this Agreement, or the Airline's use and/or occupancy of the Leased Premises or the Airport; and within ten (10) days after Airline's receipt of written notice from the Authority, the Airline will appear and defend all claims and lawsuits against the Authority arising out of any such injury or damage. Notwithstanding anything to the contrary contained herein and for purposes of clarity, Airline's obligation to indemnify under this Section 11.A shall not apply to any Claims to the extent same arise out of the sole active negligence or willful misconduct of any City Indemnitees.

B. Violations of Regulations and Laws: Airline shall indemnify, save, hold harmless, and defend the City Indemnitees, individually or collectively, from and against any claim including a claim for contribution or indemnity, action, loss, damage, injury, liability, and the cost and expense of whatsoever kind or nature (including, but not limited to, reasonable attorneys' fees, disbursements, court costs, and expert fees) and any fines in any way arising from or based upon the violation of any applicable federal, state, or municipal laws, statutes, resolutions, or regulations, including rules or regulations of the Authority now in effect or hereafter promulgated, by Airline, its officials, agents or employees, successors or assigns in conjunction with or incident to any act or omission of Airline, its officials, agents or employees, successors or assigns; the operation of its business at the Airport and/or performance of its obligations under this Agreement, or Airline's use and/or occupancy of the Leased Premises; and within ten (10) days after Airline's receipt of written notice from the Authority, the Airline will appear and defend all claims and lawsuits against the Authority arising out of any such injury or damage. Notwithstanding anything to the contrary contained herein and for purposes of clarity, Airline's obligation to indemnify under this Section 11.B shall not apply to any Claims to the extent same arise out of the sole active negligence or willful misconduct of any City Indemnitees.

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

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

In addition to the general indemnity stated above, and as part of it, it is specifically agreed between the parties that Airline shall be responsible in all respects for Airline's use of, or Airline's generation of, or release or threatened release of any petroleum based substance or product, or any volatile organic compound, or any substance classified as a pollutant, contaminant, toxic or dangerous substance, solid waste or a "hazardous waste" by either the United States Environmental Protection Agency or the Minnesota Pollution Control Agency. Airline shall be responsible for the disposition of such waste or substances and for the environmental response activities and response costs, monitoring, or cleanup of any environmental condition deemed by those agencies, or either of them, to require environmental response, monitoring or cleanup activities of any kind whatsoever which arise out of Airline's use of, or generation of, such substances in its operations at the Airport, and, Airline specifically agrees that the obligations of Section 11 above shall apply specifically to any costs or obligations of the Authority or City arising out of such response, disposition and/or clean up. The provisions of this Section shall survive the expiration, termination or early cancellation of this Agreement.

## **SECTION 13 INSURANCE**

A. Insurance Requirements: Airline shall, at its expense, maintain insurance in full force and effect during the Term of this Agreement in such amounts as to meet the minimum limits of liability specified below.

1. Commercial General Liability and Airline Liability with limits no less than \$250,000,000 combined single limit per occurrence and in the annual aggregate with respect to products/completed operations liability, including but not limited to, aircraft liability, bodily injury *and* property damage, passenger legal liability, airport premises and products/completed operations liability, baggage and cargo liability, contractual liability, independent contractors liability, owned and non-owned aircraft and mobile equipment liability. Personal injury and advertising liability can be limited to \$25,000,000 each offense/aggregate.
2. Hull insurance, at replacement value.
3. Business Automobile Liability with limits no less than \$10,000,000 each occurrence including owned and/or leased automobile liability and non-owned and hired automobile liability.
4. Fire Legal Liability with limits no less than \$1,000,000 each occurrence.
5. Workers' Compensation Coverage in statutory amounts with "all states" endorsement including Employees Liability Insurance in limits of \$1,000,000 per employee.

- B. Requirements for All Insurance: All insurance required in this Section shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and authorized to do business in the State of Minnesota.
- C. Additional Insureds: Authority and City shall be named as additional insureds on each of the policies above except the Workers' Compensation policy, Employers' Liability, and fire legal liability. Additionally, the Aircraft Physical Damage coverage must include a waiver of subrogation in favor of the Authority and the City.
- D. Insurance Primary: All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or the City.
- E. Insurance Certificate: Certificates showing that Airline is carrying the above-described insurance in the specified amounts shall be furnished to Authority prior to the execution of this Agreement, and a certificate showing continued maintenance of such insurance shall be filed with Authority during the Term of this Agreement. Failure of Airline to provide the required certificates of insurance does not invalidate or eliminate any of the insurance requirements contained herein or relieve Airline from any responsibility to carry the required types and amounts of insurance.
- F. Notice of Change or Cancellation: The Airline shall provide that its policies shall not be canceled during the Term of this Agreement without at least thirty (30) days' advanced notice, ten (10) days for non-payment of premium, being given to Authority. Failure to give such notice to Authority will render any such cancellation in said policy or coverages ineffective as against Authority and City.
- G. Disclaimer: Authority does not represent or guarantee that these types or limits of coverage are adequate to protect the Airline's interests and liabilities. It shall be the obligation and responsibility of Airline to insure, as it deems prudent, its own personal property, against damage. Authority does not have insurance coverage for Airline's property.
- H. Waiver of Subrogation: Authority, the City and Airline hereby mutually waive any and all rights of recovery against the other party arising out of damage or destruction of the buildings, Airline's Leased Premises, or any other property from causes included under any property insurance policies to the extent such damage or destruction is covered by the proceeds of such policies and whether or not such damage or destruction shall have been caused by the parties, their officers, employees or agents, but only to the extent that the insurance policies then in force permit such waiver. All property policies of insurance shall contain, to the extent available, this waiver of subrogation provision and the cost of such provision shall be borne by the primary insured. The aircraft physical damage coverage must include a waiver of subrogation in favor of the Authority and City except to the extent any loss or damage is caused by the negligence or willful misconduct of the Authority and/or City.

## **SECTION 14**

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

- A. Laws, Ordinances and Rules: The Airline shall comply with all applicable laws, ordinances, rules, regulations, policies, and orders now in effect or hereinafter adopted of the United States, the State of Minnesota, the City, and the Authority and any agency, department or governmental subdivision thereof, including but not limited to the Department of Homeland Security and the FAA relating to Airline's activities at the Airport, including but not limited to the Airport Certification Manual, the Airport Security Plan, and the Airport Rules and Standards, current copies of which are on file in the office of the Executive Director located in the Terminal at the Airport.
- B. Civil Rights: The Airline for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that it shall comply with all applicable requirements of Federal and State civil rights, unlawful discrimination, and rehabilitation statutes, rules and regulations now in effect or hereinafter adopted, including but not limited to Title 49, Code of Federal Regulations, Department of Transportation of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, the Minnesota Human Rights Act, and with the Americans Disabilities Act.

## **SECTION 15**

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

- A. Rights Upon Default: If at any time Airline shall be in Default, as defined in this Section, with regard to the requirements of this Agreement, it shall be lawful for the Authority, and the Authority may at any time thereafter:
1. Immediately, or at any time thereafter without further notice to Airline, re-enter into or upon the Leased Premises under this Agreement or any part thereof and take possession of the same fully and absolutely without such re-entry working a forfeiture of the rentals, fees, and charges to be paid and of the covenants, terms and conditions to be performed by Airline for the full Base Term (and the Option Term, if any has been exercised) of this Agreement, and in the event of such re-entry, the Authority may proceed with the collection of rentals, fees, and charges to be paid under this Agreement or to recover properly measured damages;
  2. Authority may at its election terminate this Agreement upon written notice in the manner hereinafter provided and re-enter upon said Leased Premises as of its former estate therein, and the Airline covenants in case of such termination to indemnify the Authority against all loss of rentals, fees, and charges which the Authority has suffered or paid by reason of such termination, during the remainder of the Term of this Agreement;
  3. The Authority shall further have all other rights and remedies at law or in equity including injunctive relief, or summary proceedings for unlawful detainer, and any or all legal remedies, actions and proceedings and all such remedies shall be cumulative.

- B. Default Defined: "Default" shall be defined when any of the following circumstances exist:
1. If the Airline has failed to pay rentals, fees, and charges or taxes when due hereunder and such failure to pay shall continue for ten (10) calendar days' after Airline's receipt of written notice from the Authority in the manner hereinafter provided, or
  2. If the Airline fails to provide and/or maintain the insurance coverages required herein, or
  3. If the Airline fails in the observance or performance of any of the other terms, covenants and conditions of this Agreement and such failure shall continue for thirty (30) calendar days after Authority has given Airline written notice, or the Airline shall have failed to commence the corrective action of such failure within thirty (30) days after such notice and to diligently prosecute the same where the same cannot be completed within thirty (30) calendar days.
  4. If a petition to reorganize the Airline or for its arrangement of its unsecured debts shall be filed and such petition is not dismissed within sixty (60) days after being filed.
  5. If the Airline shall be adjudicated bankrupt.
  6. If a receiver or trustee of the Airline's property shall be appointed by any court and such receivership or trusteeship is not vacated within sixty (60) after a receiver or trustee being appointed.
  7. If the Airline shall make a general assignment for the benefit of creditors.
  8. If all of the interest of the Airline in its property shall be taken by garnishment, attachment, execution or other process of law.
  9. If the Leased Premises shall be deserted or vacated.
- C. Attorneys' Fees and Costs: In the event Authority shall prevail in any action or suit or proceeding brought by Authority to collect the rentals, fees, charges, or taxes due or to become due hereunder or any portion thereof, or to take possession of the Leased Premises, or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement, Airline agrees to pay Authority such sums as the court may adjudge reasonable as attorneys' fees and costs to be allowed in such action, suit or proceeding.

## **SECTION 16**

### **TERMINATION BY AIRLINE**

- A. Termination For Cause: Airline may terminate this Agreement prior to the end of its Term, or any extension thereof, for either of the following reasons:
1. Failure of Authority to substantially perform its obligations hereunder, if such failure shall continue for thirty (30) calendar days after Airline has given Authority written

notice or the Authority shall fail to commence the corrective action of such failure within thirty (30) calendar days after such notice and to diligently prosecute the same where the same cannot be completed within thirty (30) calendar days.

2. If the Authority shall commit any act or engage in any activity that prevents the Airline from materially conducting its business as provided under the terms of this Agreement for a period of sixty (60) calendar days without the consent of Airline and after Airline has given notice to the Authority as provided for herein. This shall not apply if the activity is related to runway terminal repairs or replacement and such activity has been communicated and coordinated in good faith with Airline.

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

## **SECTION 17 WAIVER OF BREACH**

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

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

Upon expiration or other termination of this Agreement as provided herein, Airline's authority to use the Leased Premises, facilities, equipment and rights herein granted shall cease and Airline shall, upon termination or expiration, promptly and in substantially the same condition as it was on the Effective Date, normal wear and tear excepted, surrender the same to the Authority. In the event that Airline has in any way changed, altered or modified the Leased Premises in the Terminal, Airline shall, unless the Authority agrees otherwise, return the same to substantially the same condition they were in on the Effective Date, normal wear and tear excepted, or, in the alternative, to pay Authority for the cost of returning them to said condition; provided, however, that at the time Airline requests and receives permission to make a modification in the Leased Premises as provided in Section 8 above, it may request Authority to waive the requirements of this sentence, and if at that time granted, said requirement shall be waived upon termination. Any Leasehold Improvements provided or

purchased by the Airline not a part of the realty shall be removed therefrom within ten (10) calendar days after the termination or expiration of this Agreement or the same shall be deemed to have been abandoned to the Authority and the right of the Airline to possession thereof shall cease. Costs of disposal and/or restoration of any such abandoned Leasehold Improvements shall be borne by Airline and shall be paid upon invoice therefor.

## **SECTION 19 SUBLEASES AND ASSIGNMENTS**

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

## **SECTION 20 COVENANT NOT TO GRANT MORE FAVORABLE TERMS**

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

## **SECTION 21 NON-EXCLUSIVE RIGHTS**

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



**SECTION 22**  
**GOVERNMENTAL COMMITMENTS**

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

**SECTION 23**  
**CONFIDENTIALITY**

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

**SECTION 24**  
**SEVERABILITY**

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

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

Any of the terms of this Agreement may be changed upon the mutual written consent of the Authority and the Airline, but to be valid any such changes must not only be in writing, but must also be dated, and executed. In the event that any provision of this Agreement is determined to violate any local, (excluding the Authority) state, or federal rule or regulation or is deemed to cause a violation of any rate covenants or FAA Assurances, this Agreement shall be modified upon consultation with Airline to cause such violation to be compliant with such provision and an amendment will be executed on a timely basis to incorporate the required changes.

**SECTION 26**  
**NONWAIVER OF LIABILITY**

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

**SECTION 27**  
**NOTICES**

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

Airport Authority:

Executive Director  
Duluth Airport Authority  
Duluth International Airport  
4701 Grinden Drive  
Duluth, Minnesota, 55811  
Fax: (218) 727-2960

Airline:

Sun Country, Inc.  
2005 Cargo Road  
Minneapolis, MN 55450  
Attn: Sr. Director Airport Affairs  
With copy to: General Counsel

## **SECTION 28 LAWS OF MINNESOTA SHALL GOVERN**

This Agreement shall be deemed to have been made in, and shall be construed in accordance with the laws of the State of Minnesota without giving effect to the privileges of conflict of laws. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in St. Louis County, Minnesota. However, litigation in the federal courts involving the parties shall be in the appropriate federal court within the State of Minnesota, and the parties to this Agreement waive any objections to the jurisdiction of these courts, whether based on convenience or otherwise.

## **SECTION 29 CONSENTS**

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

## **SECTION 30 PASSENGER FACILITY CHARGES**

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

- A. Airline shall collect on behalf of and remit to the Authority any such PFCs in conformity with the PFC Regulations, including, but not limited to, holding any PFCs collected by Airline, pending remittance to the Authority, in trust for the benefit of the Authority. The Authority shall have the right to use all such PFC revenue in any lawful manner.
- B. Airline and the Authority shall each be bound by and shall observe all PFC Regulations as they apply to such party.

- C. If Airline fails to remit PFCs to the Authority within the time limits established by the PFC Regulations (no later than the last day of the following calendar month), Airline shall be deemed to be in default under this Agreement, subject to notice and cure.

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

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

### **SECTION 32 SPONSOR ASSURANCES**

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

### **SECTION 33 NONDISCRIMINATION**

- A. Airline, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained or otherwise operated on the Leased Premises described in this Agreement for a purpose for which a Department of Transportation program or activity is extended, or for another purpose involving the provision of similar services or benefits, Airline shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.
- B. Airline, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises; (2) in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) Airline shall use the Leased Premises in compliance with all other requirements imposed by or

pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

- C. Airline agrees to furnish services on a reasonable and not unjustly discriminatory basis to all users thereof, and to charge reasonable, and not unjustly discriminatory prices for each unit or service, provided, that Airline may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- D. Airline assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision obligates Airline or its transferee for the period during which Federal assistance is extended to the Airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, this provision obligates Airline or any transferee for the longer of the following periods: (a) the period during which the property is used by the Authority or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the Authority or any transferee retains ownership or possession of the property.
- E. Airline agrees that it will practice nondiscrimination in its activities and will provide disadvantaged business enterprise participation in its subleases or other agreements as required by the Authority, to the degree reasonably possible, in order to meet the Authority's goals, or as required by the FAA in order to obtain an exemption from the prohibition against long-term exclusive leases.
- F. Airline agrees that it shall insert the above five (5) provisions in any sublease, agreement or contract by which Airline grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Airport.
- G. Airline shall comply with the regulations, rules, ordinances and laws of the State of Minnesota, the Authority, and the City prohibiting discrimination on the basis of race, color, sex, religion, national origin, age, or disability, and as such rules, regulations, ordinances and laws may be amended or unless a waiver has been granted by the United States Government.
- H. Airline, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree that (a) it shall maintain and operate the Leased Premises, and each service, program or activity offered by Airline at the Airport, so that they are readily accessible to and usable by individuals with disabilities (including individuals who use wheelchairs); and (b) no qualified person with a disability shall, solely by reason of his or her disability, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in connection with the services, programs or activities offered by Airline at the Airport. Airline shall conduct all services, programs or activities at the Airport and operate the Leased Premises in compliance with all other requirements applicable to Airline imposed pursuant to 49 CFR part 27, Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance, as said Regulations may be amended from

time to time, and any orders issued by the Administrator of the FAA or the Assistant Administrator for Civil Rights (ACR-1) implementing the provisions of Section 504 of the Rehabilitation Act of 1973 (Section 504). In addition, Airline shall comply with all applicable requirements of the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12101-12213) including the Department of Transportation's (DOT) ADA regulations (49 CFR parts 37 and 38) and the regulations of the Department of Justice implementing Titles II and III of the ADA (28 CFR parts 35 and 36).

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

#### **SECTION 34 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 35 ENTIRE AGREEMENT**

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

[Signature Page Follows]

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

DULUTH AIRPORT AUTHORITY

SUN COUNTRY, INC., DBA SUN  
COUNTRY AIRLINES

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

R. Brian Davis  
Vice President Ground Operations

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

\_\_\_\_\_

**Exhibit A - Airline Leased Premises****Duluth International Airport**

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***Preferential Use Premises - Sun Country Airlines***

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<b>Room Number</b>	<b>Description</b>	<b>Square Footage</b>
103B	Sun Country Airlines Ticket Counters and Queue (2)	640
125	Sun Country Airlines ATO Office	166
<b><i>Total Preferential Use - Sun Country Airlines</i></b>		<b><i>806</i></b>

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***Joint Use Premises***

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

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





Exhibit C

<div>  <div>Airline Monthly Activity Report for DLH</div> </div>																					
Reporting Airline:		Month & Yr:		Contact:		Phone Number:		Email Address:													
Signatory Reporting Activity										Passenger/Airport Data											
Arrivals										Departures											
AC Type	Airline/Operator	Origin	Dest	Scheduled Flights	Completed Flights	DIVERSIONS	CGW	Total Wt/1000lbs	Landing Fee Rate	Total Landing Fees	Revenue Enplanements	Non Revenue Enplanements	Total Enplanements	Revenue Deplanements	Non Revenue Deplanements	Total Deplanements	Total Passengers	Total Seats Available	Load Factor %	Freight	Mall
								0	\$1.98	\$0.00			0			0	0		#DIV/0!		
								0	\$1.98	\$0.00			0			0	0		#DIV/0!		
								0	\$1.98	\$0.00			0			0	0		#DIV/0!		
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								0	\$1.98	\$0.00			0			0	0		#DIV/0!		
TOTALS				0	0	0		0		\$0.00	0	0	0	0	0	0	0	0	#DIV/0!	0	0
Non-Signatory Reporting Activity										Passenger/Airport Data											
AC Type	Airline/Operator	Origin	Dest	Scheduled Flights	Completed Flights		CGW	Total Wt/1000lbs	Landing Fee Rate	Total Landing Fees	Revenue Enplanements	Non Revenue Enplanements	Total Enplanements	Revenue Deplanements	Non Revenue Deplanements	Total Deplanements	Total Passengers	Total Seats Available	Load Factor %	Freight	Mall
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								0	\$2.48	\$0.00			0			0	0		#DIV/0!		
								0	\$2.48	\$0.00			0			0	0		#DIV/0!		
								0	\$2.48	\$0.00			0			0	0		#DIV/0!		
								0	\$2.48	\$0.00			0			0	0		#DIV/0!		
								0	\$2.48	\$0.00			0			0	0		#DIV/0!		
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								0	\$2.48	\$0.00			0			0	0		#DIV/0!		
TOTALS				0	0	0		0		\$0.00	0	0	0	0	0	0	0	0	#DIV/0!	0	0

**Exhibit D - Terminal Maintenance Matrix  
Duluth International Airport**

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

**Exhibit D - Terminal Maintenance Matrix  
Duluth International Airport**

Revised 1-2-18	Area of Maintenance				
Type of Space	Common Use	Preferential Use	Joint Use	Common Use	Joint Use
Key	AIRLINE LEASED		AIRLINE LEASED	RESTROOMS, CIRCULATION, ESCALATORS, ELEVATORS, AND PUBLIC SEATING	HOLDROOM, PASSENGER LOADING BRIDGES, PODIUMS, AND BACKWALLS (EXCLUDING COMPUTERS)
T=Tenant	TICKET COUNTER, QUEUE AREA, ATO, AND OPERATIONS SPACE		BAGGAGE MAKE UP, BAGGAGE CLAIM, AND CHECKPOINT		
A=Authority N/A= Not applicable	MAKE-UP and BAG CLAIM				
	Front of Counter	Back of Counter			
<b>Building Maintenance</b>					
Paint	A	A	A	A	A
Carpet	A	A	A	A	A
Hard Floor	A	A	A	A	A
Overhead Doors	N/A	NA	A	N/A	N/A
Personnel Doors / Locks & keys	A	A	A	A	A
Structural (orig. Airport design excl. specialty finishes)	A	A	A	A	A
Specialty finishes, signs, furniture, counters, podiums (excluding computers)	A	A	T	N/A	A
Exterior of All Kinds	NA	N/A	A	A	A
Elevators	NA	N/A	N/A	A	A
Escalators	NA	N/A	N/A	A	N/A
Fire Alarm & Suppression System	A	A	A	A	A
<b>Sewage, Plumbing</b>					
Installation	N/A	A	N/A	A	N/A
Maintenance	N/A	A	N/A	A	N/A
Distribution	N/A	A	A	A	N/A
Fixtures	N/A	T	A	A	N/A
<b>Janitorial and Recycling Service</b>					
Recycling of Paper, Plastic, and Cardboard	A	T	A	A	A
Basic Janitorial service	A	T	A	A	A
Window Cleaning	A	N/A	A	A	A
(1) Exterior	A	N/A	A	A	A
(2) Interior	A	N/A	A	A	A
Pest Control	A	A	A	A	A

**Exhibit D - Terminal Maintenance Matrix  
Duluth International Airport**

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

**Exhibit D - Terminal Maintenance Matrix  
Duluth International Airport**

Revised 1-2-18	Type of Space	Area of Maintenance			
Key		Common Use	Preferential Use	Joint Use	Common Use
		AIRLINE LEASED		AIRLINE LEASED	AIRLINE LEASED
		TICKET COUNTER, QUEUE AREA, ATO, AND OPERATIONS SPACE	BAGGAGE MAKE UP, BAGGAGE CLAIM, AND CHECKPOINT	RESTROOMS, CIRCULATION, ESCALATORS, ELEVATORS, AND PUBLIC SEATING	HOLDROOM, PASSENGER LOADING BRIDGES, PODIUMS, AND BACKWALLS (EXCLUDING COMPUTERS)
			MAKE-UP and BAG CLAIM		
		Front of Counter	Back of Counter		

**Communications Infrastructure**

Fiber, Conduit, Cable \*

(1) Installation

(2) Maintenance

Wireless Network

(1) Installation

(2) Maintenance

Antennae and Towers

(1) Installation

(2) Maintenance

\* Terminal will have main cable provided by Authority

**Paging System**

Installation

Maintenance

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

A	A	A	A	A
A	A	A	A	A

Standard finishes

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

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

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

# VII G

## Duluth Airport Authority Premium Air Operator Agreement

### ***Terms:***

- October 1, 2021- September 30, 2024

### ***Background:***

- Premium Air is starting a Part 135 Charter Operation at DLH
- Premium Air will be leasing space from Monaco Air

### ***Agreement Overview:***

- Concession rates are similar to other like operators: 2.5% of gross sales and services derived from Part 135 Charter operations.
- Premium Air will have to pay a landing fee per DAA rates and charges.

### ***Why were the changes in key terms needed/wanted?***

- New business

## OPERATOR AGREEMENT PREMIUM AIR

PARTIES TO THIS AGREEMENT ARE the DULUTH AIRPORT AUTHORITY, the governmental authority organized and existing under the Laws of Minnesota, 1969, Chapter 577, hereinafter referred to as "Authority", and PREMIUM AIR, LLC, (a Minnesota limited liability company) hereinafter referred to as "Operator";

### 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 airports; and
2. Operator desires to operate as a Specialized Aviation Service Operator (SASO) that provides one or a combination of specialized aviation services on said Airports; and
3. The Authority desires to allow this service to be provided at the Duluth International 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 Agreement, shall have the meanings as ascribed to them hereunder.

- A. Airfield: shall mean the runways, taxiways, taxilanes, aircraft parking Apron, and all other paved surfaces and adjacent improvements available for the movement of aircraft.
- B. Airport: shall mean the Duluth International Airport located in the City of Duluth, County of St. Louis, and State of Minnesota.
- C. 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 by a person designated by him to sign such document.
- D. DLH: shall mean the Duluth International Airport
- E. Executive Director: shall mean the Executive Director of the Authority or designee.
- F. Flight Arrivals: shall mean all revenue aircraft arrivals from Operator which arrive at the Airport utilizing the Airfield.
- G. Licensed Premises: shall refer to space located at Duluth International Airport and described in Section 2.
- H. Maximum Gross Landed Weight: shall mean, for the purposes of this Agreement, the maximum gross landed weight approved by the Federal Aviation Administration for landing such aircraft type by Operator at the Airport.

SECTION 2  
LICENSED PREMISES, LEASED PREMISES, COMMON 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 Part 135 Charter operations as defined by the Federal Aviation Administration to the public for a fee. Operator shall not engage in any other business at the Airport. In the event that Operator desires to operate a service not specifically heretofore set forth but allowed under the SASO section of the then current Rules and Standards of the Authority, it shall make timely written request of the Executive Director, which the Director shall promptly consider and give written response. The parties agree to negotiate with respect to such additional activities by Operator, and the Executive Director agrees not to unreasonably withhold its permission and consent for such additional uses.
- B. Leased Premises: Operator is hereby allowed to use the space contained within a facilities lease executed with Monaco Air Duluth ("Monaco"), located at 4535 Airport Approach Road, Duluth MN, 55811. Operator shall lease exclusive use space from Monaco. The Leased Premises are leased directly from Monaco and the lease arrangements are directly among the parties.
- C. Common Premises: Authority does grant to Operator and to its employees and customers access in common with the access granted to members of the general public to all public portions of the terminal, roads and parking facilities at DLH.
- D. Operation: Operator agrees to provide or cause to be provided Part 135 Charter services to the public at the Airport.
- 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  
OPERATOR FEE, LANDING 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 operations pursuant to this Agreement:
    - i. Part 135 Chartered Flights
- 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 originating at DLH 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 and which are directly payable to a taxing authority by Operator shall be excluded therefrom.
- C. Landing Fees: During the term of this Agreement, Operator agrees to pay Authority the approved landing fee rate for each one-thousand-pound units of approved Maximum



Gross Landed Weight for all actual revenue Flight Arrivals each month. The Landing Fee rate is established annually in accordance with the rates and charges addendum adopted annually by the Authority. Operator will be advised of the proposed rate at least sixty (60) days prior to adoption by the Authority.

- D. Payment Dates: All payments of the monthly consideration referred to in Paragraph C above shall be due and payable within fifteen (15) calendar days of the month following the month in which Gross Sales arose.
- E. Monthly Statements: Within fifteen (15) calendar days of the month following the month in which Gross Sales arose, Operator shall submit to Authority a monthly statement, showing the amount of Gross Sales for the preceding month applicable to each Airport and an itemization of all claimed exclusions therefrom. This duty shall survive termination of this Agreement.
- F. Taxes, Fees 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 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 Operator, and Operator hereby agrees to pay such entire amount due to the Authority plus a fifteen percent (15%) administrative fee upon demand therefor.
- G. Books and Records: Operator shall maintain full and accurate financial books of accounts and records to generally accepted accounting principles from which Gross Sales applicable to each Airport can be determined. These books of accounts and records shall be kept at DLH 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 applicable to each Airport; sales slips by Airport; daily dated cash register tapes applicable to each Airport; sales books applicable to each Airport; duplicate bank deposit slips, and bank statements. Until the end of the six (6) 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 on 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 upon demand to the Authority the cost of its audit and investigation, plus any arrearage in fees due to the Authority under this Agreement.

#### SECTION 4 TERM

The term of this Agreement shall be effective as of October 1, 2021 and shall continue in force until September 30, 2024 unless otherwise terminated in accordance with the provisions of this

Agreement. During the Term, either party by terminate this Agreement without cause upon forty-five (45) days' written notice to the other party. In the event that the Term expires and 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 fees. The Operator will be allowed to hold over at the sole discretion and upon the written consent of the Executive Director, which consent may be withdrawn upon thirty (30) days' written notice to Operator.

## SECTION 5 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 3, on the Airport and do all things reasonably necessary and advisable to serve the public adequately and fairly in all fields of aviation activities engaged in by Operator, 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 for aviation activities at the Airport.
- B. Airfield Operation Service: Operator shall provide overall airfield supervision of its agents, employees, customers, and contractors.
- C. Maintenance of Premises at DLH: Operator agrees to keep the Licensed Premises and Leased Premises at DLH in a clean, neat and orderly condition. In the event that Operator shall fail to so maintain any portion of said Licensed Premises as stated above, Authority shall have the right, but not the obligation, to itself perform or have performed said maintenance and to charge Operator therefor, which charge Operator shall be obliged to promptly pay.
- D. Fair and Nondiscriminatory Services: Operator, in the conduct of its authorized aeronautical activities on the Airports, shall furnish good, prompt and efficient service adequate to meet the demands for its services at the Airports, and shall furnish such service on a fair, equal and not unlawfully discriminatory basis to all users thereof, and shall charge fair, reasonable, and not 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.
- E. Operator to Furnish All Services: Operator agrees that it will itself either provide or furnish all services which this Agreement gives it the right to provide, or will cause these services to be furnished by independent contractors under the direction of the Operator. In the event said services, or any of them, are supplied by independent contractors, Operator shall not be relieved of its responsibilities hereunder for the prosecution of its business, as herein provided, and Operator's obligation to prosecute said business and provide said services shall continue for the term of this Agreement, or any extension hereof, and it shall not be relieved of any liability therefor because it may provide any of said services through arrangements with independent contractors.
- F. Failure to Provide All Services: In the event Operator fails to provide any of the services or to otherwise fulfill its obligations pursuant to this Agreement, Operator shall be obligated to give the Executive Director notice of said failure within three (3) calendar days thereof. At any time Authority may give Operator written notice of demand for performance of any obligation of Operator under this Agreement not then being fulfilled. Thereafter, Operator shall have thirty (30) calendar days within which to arrange for the providing of such services or the performance of said business activities, and failure of the Operator to cure any of said default in its performance may be grounds for termination of this Agreement.

by the Authority; provided, however, that if within said thirty (30) calendar day period Operator can demonstrate and establish to the Authority's satisfaction that said service or business activity does not have a significant need or that it has become outmoded or cannot be economically carried on, the parties agree to modify this Agreement by removing the requirement on Operator's part to provide such service or to carry on such business activity.

G. 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 Airports or any part thereof or upon the contents of any building thereof; or
2. will increase the rate of any fire insurance on the Airport or any part thereof or upon the contents of any building thereof; or
3. in the 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 Airports 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.

H. Airport Promotion: Operator agrees to use its best efforts to actively promote the Airports and its utilization by members of the flying public.

I. Rules and Standards: Operator shall abide by all applicable sections of Duluth Airport Authority Rules and Standards for DLH as may be amended from time to time. A current copy can be found at [www.duluthairport.com](http://www.duluthairport.com).

## SECTION 6 AUTHORITY'S OBLIGATIONS

Except as provided herein, Authority shall, in accordance with acceptable FAA standards, other applicable statutes, rules and regulations, and in a safe manner consistent with the generally accepted good practices in the State of Minnesota for airports of similar size and character, properly maintain, operate and manage the Airport. 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 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.

- 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. Automobile liability insurance to cover liability arising out of the operations, use, or maintenance of 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.

## SECTION 10 INDEPENDENT CONTRACTOR

Operator is an independent contractor and not an employee of the Authority or the City of Duluth. No statement contained in this Agreement shall be construed so as to find Operator to be an employee or agent of the Authority or the City of Duluth, and Operator shall not be entitled to any of the rights, privileges, or benefits of Authority or City of Duluth employees. Nothing contained herein is intended nor shall be construed as in any manner creating or establishing a partnership relationship or as constituting Operator to be the agent representative or employee of the Authority or the City of Duluth for any purpose.

## 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. Authority may at its election terminate this Agreement upon written notice in the manner hereinafter provided; or
  2. 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 and equitable 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, fees, taxes or other charges when due hereunder and such failure to pay shall continue for ten (10) days after notice in writing in the manner provided for herein.
  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 the Operator shall be in default of any other agreement between Operator and the Authority.
  4. If a petition to reorganize the Operator or for its arrangement of its unsecured debts shall be filed.
  5. If the Operator shall be adjudicated bankrupt.
  6. If a receiver or trustee of the Operator's property shall be appointed by any court.
  7. If the Operator shall make a general assignment for the benefit of creditors.
  8. If all of the interest of the Operator in its property shall be taken by garnishment, attachment, execution or other process of law.
  9. If the Leased Premises shall be deserted or vacated.



## SECTION 12 TERMINATION BY OPERATOR

- A. Operator may terminate this Operator's Agreement prior to the end of its term, or any extension thereof, for the following reasons:
1. Failure of Authority to substantially perform its obligations hereunder, if such failure shall continue for thirty (30) days after Operator has given Authority written notice or the Authority shall fail 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.
  2. If the Authority shall commit any act or engage in any activity that prevents the Operator from conducting its business as provided under the terms of this Agreement for a period of thirty (30) days without the consent of Operator and after Operator has given notice to the Authority as provided for herein.
- B. This Agreement shall terminate if Authority or City of Duluth ceases Airport operations, or if any act of the government of the United States, State of Minnesota, or City of Duluth, war, natural disaster, civil unrest, or like cause of a third party makes continued operations impossible.

## SECTION 13 WAIVER OF BREACH

The waiver by the Authority or the Operator 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 14 ASSIGNMENTS AND SUBLETTING

The Operator shall not assign or transfer this Agreement, in whole or in part, in any manner, nor any interest therein, nor permit the 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 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 Operator, if any, shall be deemed to be an assignment hereunder. It is expressly agreed by the Operator that in the event permission be granted by the Authority as herein provided, the assignee or transferee shall be required to assume and agree to perform the covenants of this Agreement and that notwithstanding any such subletting or assignment, the Operator shall be and remain liable for the payments of all rents and the performance of all covenants and conditions for the full term of this Agreement.

## SECTION 15 NON-EXCLUSIVE RIGHTS

Operator shall have the right and privilege of engaging in and conducting the operations listed in Section 3 of this Agreement on the Licensed and Leased Premises of the Airport under the terms and conditions as set forth herein; provided, however, that this Agreement shall not be construed in any manner to grant Operator or those claiming under it the exclusive right to the use of the facilities of said Airport other than those DLH Licensed and Leased Premises leased exclusively to Operator hereunder.

## SECTION 16 GOVERNMENTAL COMMITMENTS

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

## SECTION 17 NO THIRD PARTY BENEFICIARIES

This Agreement is to be construed and understood solely as an agreement between the Authority and the Operator 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 the Operator, may be waived at any time by mutual agreement of the Authority and the Operator.

## SECTION 18 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.

## SECTION 19 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 20 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: Duluth Airport Authority, 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: Premium Air, LLC, 1336 East 31<sup>st</sup> Street Hibbing, MN 55746.

## SECTION 21 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 22  
APPLICABLE LAW

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.

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

DULUTH AIRPORT AUTHORITY

PREMIUM AIR, LLC

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

By \_\_\_\_\_

Its \_\_\_\_\_

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

# VII H

## Duluth Airport Authority DAA Board Packet Budget vs. Actual Summary From Jan 2021 to Jul 2021

Unaudited							
Financial Row	Prior Year Actual (Jan 2020 - Jul 2020)	Current Year (Jan 2021 - Jul 2021)	Budget Amount (Jan 2021 - Jul 2021)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2021 - Adjust 2021 )
Ordinary Income/Expense							
Income							
Non-Aeronautical Revenue	1,000,393	1,517,833	1,070,912	141.73%	517,439	446,921	1,865,240
Non-Passenger Aeronautical Revenue	806,679	850,714	826,226	102.96%	44,035	24,487	1,455,426
Passenger Airline Aeronautical Revenue	752,294	793,265	746,432	106.27%	40,971	46,833	1,281,878
Total - Income	2,559,366	3,161,811	2,643,570	119.60%	602,445	518,241	4,602,544
Gross Profit	2,559,366	3,161,811	2,643,570	119.60%	602,445	518,241	4,602,544
Expense							
Miscellaneous Expenses	24,700	35,284	18,127	194.66%	10,584	17,158	32,660
Personnel Compensation & Benefits	1,221,874	1,254,526	1,373,752	91.32%	32,652	(119,226)	2,460,392
Services and Charges	976,783	1,066,587	1,142,909	93.32%	89,803	(76,323)	1,877,099
Supplies	299,323	476,426	367,556	129.62%	177,103	108,870	574,230
Total - Expense	2,522,681	2,832,823	2,902,343	97.60%	310,142	(69,520)	4,944,381
Net Ordinary Income	36,685	328,988	(258,773)	-127.13%	292,303	587,761	(341,838)
Other Income and Expenses							
Other Income							
Non-Operating Revenue	219,842	227,388	213,595	106.46%	7,547	13,794	365,939
Total - Other Income	219,842	227,388	213,595	106.46%	7,547	13,794	365,939
Other Expense							
Non-Operating Expense	160,099	145,042	191,709	75.66%	(15,057)	(46,667)	328,644
Total - Other Expense	160,099	145,042	191,709	75.66%	(15,057)	(46,667)	328,644
Net Other Income	59,743	82,346	21,886	376.25%	22,603	60,460	37,295
Net Income Exclusive of Project Expenses, Depreciation & Amortization	96,428	411,334	(236,887)	-173.64%	314,906	648,221	(304,543)
Projects/Grants	995,803	(1,980,145)	5,184,667	-38.19%	(2,975,949)	(7,164,812)	8,888,000
Depreciation & Amortization	(6,507,662)	0	(5,865,633)	0.00%	6,507,662	5,865,633	(10,055,370)
Net Income	(5,415,430)	(1,568,811)	(917,853)	170.92%	3,846,619	(650,958)	(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 648k. The positive variance is inflated due to increased revenues from the MAG reconciliation for the parking lot of \$330,923.82. Expenses are also overstated by the \$110k boiler replacement. After removing these anomalies, the DAA is at a positive variance of \$427k.
- 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 MAG adjustment of \$330k and car rental concession which is up \$87k, while other concessions are very close to budget. Non-passenger aeronautical revenue is only \$24k off from budget and passenger airline aeronautical revenue is over budget due to increased landing fees of \$46k.
- The largest variance from budget in expenses come from the boiler replacement project of \$110k, this will be rectified when capitalized to be removed from operating expenses in future financial updates. Removing the boiler costs expenses we would be 179k under 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 vs budget of over \$60k.

**Duluth Airport Authority**  
**Balance Sheet**  
**End of Jul 2021**

Financial Row	Amount
<b>ASSETS</b>	
Current Assets	
Bank	\$4,496,057.73
Accounts Receivable	
Accounts Receivable - Restricted PFC	\$41,668.23
Accounts Receivable Billed	\$1,153,931.33
Lottery Sales Receivable	(\$11,103.00)
Total Accounts Receivable	\$1,184,496.56
Other Current Asset	\$328,240.09
Total Current Assets	\$6,008,794.38
Fixed Assets	
Accumulated Depreciation	(\$131,202,099.74)
Capital Assets	\$251,764,953.12
Work in Progress	\$2,206,614.56
Total Fixed Assets	\$122,769,467.94
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	\$131,198,470.38
<b>Liabilities &amp; Equity</b>	
Current Liabilities	
Accounts Payable	
Accounts Payable	\$134,987.06
Contracts Payable	\$56,311.29
Lottery Payable	(\$5,802.91)
Total Accounts Payable	\$185,495.44
Credit Card	\$5,557.75
Other Current Liability	
Accrued Expense	\$11,299.98
Accrued Interest	\$111,523.49
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	\$186,212.89
Total Other Current Liability	\$2,054,552.66
Total Current Liabilities	\$2,245,605.85
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	(\$1,568,810.80)
Total Equity	\$118,374,780.66
Total Liabilities & Equity	\$131,198,470.38

**Duluth Airport Authority**  
**Income Statement**  
**From Jan 2021 to Adjust 2021**

<b>Financial Row</b>	<b>Amount</b>
Ordinary Income/Expense	
Income	
Non-Aeronautical Revenue	
Advertising Income	\$8,425.00
Concession Revenue	
ATM	\$149.50
Car Rental Concession	\$304,744.76
Food & Beverage Concession	\$32,801.98
Lottery Concessions	\$898.47
Parking	\$787,304.08
Per Passenger Fee	\$9,774.00
Services/Other	\$350.00
TNC Per Trip Fee	\$4,072.50
Vending	\$3,900.94
Total - Concession Revenue	\$1,143,996.23
Customer Facility Charges	\$104,400.00
Miscellaneous Revenues	\$54,006.67
Parking	\$106,298.81
Permits	\$8,541.92
Plowing Services	\$5,325.00
Reimbursed Expenses	\$36,621.10
Rent	\$182,776.03
Sponsorship Income	\$62,000.00
State Aid	\$33,169.84
Total - Non-Aeronautical Revenue	\$1,745,560.60
Non-Passenger Aeronautical Revenue	
Aviation Gas	\$36,782.68
Concession Revenue	
Flight Training/Tour Operations	\$12,940.28
Fuel Flowage Fees	\$42,528.89
Hangar Rent	\$3,002.43
Landing Fees	\$8,414.26
Mechanic	\$658.18
Misc Sales/Other	\$2,540.87
Per Turn Fees	\$899.36
Total - Concession Revenue	\$70,984.27
Event Income	\$34,600.00
Landing Fees	\$22,569.71
Ramp Fees	\$13,947.12
Rent	\$763,951.55
Security Reimbursement	\$57,654.67
Total - Non-Passenger Aeronautical Revenue	\$1,000,490.00
Passenger Airline Aeronautical Revenue	
Landing Fees	\$154,254.90
Terminal Office/Space Rental	\$639,010.22
Total - Passenger Airline Aeronautical Revenue	\$793,265.12
Total - Income	\$3,539,315.72
Gross Profit	\$3,539,315.72
Expense	
Miscellaneous Expenses	\$36,546.88
Personnel Compensation & Benefits	
Benefit Administration Fees	\$122.40
Employer Contributions for Retirement	\$133,951.83
Employer Paid Insurance	\$260,907.23
Retiree Benefits	\$74,930.00
Wages & Salaries	\$1,034,064.71

Financial Row	Amount
Total - Personnel Compensation & Benefits	\$1,503,976.17
Services and Charges	
Advertising	\$2,282.50
Badging	\$1,000.00
Central Services Fee	\$11,299.98
Communications & Technology	\$189,279.37
Employee Development Services	\$26,550.01
Employee Physicals	\$1,172.00
Finance Charge	\$86.46
Marketing	\$69,165.19
Professional Services	\$225,444.98
Rentals	\$2,790.99
Repairs and Maintenance - Contractual/Services	\$358,888.27
Sponsorship Expenses	\$1,917.00
Transportation	\$108.01
Utility Services	\$319,844.43
Total - Services and Charges	\$1,209,829.19
Supplies	
Merchandise for Resale	\$40,581.95
Office Supplies	\$56,018.03
Operating Supplies	\$75,867.71
Repairs & Maintenance Supplies	\$331,901.43
Total - Supplies	\$504,369.12
Total - Expense	\$3,254,721.36
Net Ordinary Income	\$284,594.36
Other Income and Expenses	
Other Income	
Capital Contributions	
Contributed Capital	\$1,227,051.04
Grants	(\$1,574,436.55)
Total - Capital Contributions	(\$347,385.51)
Non-Operating Revenue	
Gain/Loss on Asset Disposal	(\$3,620.32)
Interest Income	\$21,752.16
Passenger Facility Charges	\$209,322.49
Total - Non-Operating Revenue	\$227,454.33
Total - Other Income	(\$119,931.18)
Other Expense	
Non-Operating Expense	
Interest Expense	\$186,482.88
Total - Non-Operating Expense	\$186,482.88
Total - Other Expense	\$186,482.88
Net Other Income	(\$306,414.06)
Net Income	(\$21,819.70)

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

VII I

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

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT Open Balance	8/15/2021 - 9/13/2021 (30) Open Balance	7/16/2021 - 8/14/2021 (60) Open Balance	6/16/2021 - 7/15/2021 (90) Open Balance	BEFORE 6/16/2021 (>90) Open Balance	TOTAL Open Balance
<b>Avis Rent A Car</b>						\$0.00	\$2,346.10	\$0.00	\$0.00	\$26,477.63	\$28,823.73
BKR Investments DBA Duluth Pack	Invoice	9/1/2021	8605	10/1/2021	13	\$0.00	\$225.00	\$0.00	\$0.00	\$0.00	\$225.00
Budget Rent A Car	Invoice	12/31/2020	8041	1/30/2021	257	\$0.00	\$0.00	\$0.00	\$0.00	\$22,923.95	\$22,923.95
<b>Case, Ronald Jr.</b>						\$0.00	\$0.00	\$0.00	\$0.00	(\$102.00)	(\$102.00)
Chad's Pad, LLC	Invoice	5/3/2021	8160	6/2/2021	134	\$0.00	\$0.00	\$0.00	\$0.00	\$1,800.00	\$1,800.00
Childs, Matthew	Invoice	4/5/2021	8159	5/5/2021	162	\$0.00	\$0.00	\$0.00	\$0.00	\$153.00	\$153.00
Churchill, Sean	Payment	6/9/2021	7403	6/9/2021	97	\$0.00	\$0.00	\$0.00	\$0.00	(\$386.70)	(\$386.70)
<b>Cirrus Design Corporation</b>						\$0.00	\$3,239.68	\$6,132.14	\$16,371.08	(\$27,158.07)	(\$1,415.17)
<b>City of Duluth</b>						\$0.00	\$1,645.57	\$0.00	\$0.00	(\$625.00)	\$1,020.57
<b>Delta Airlines</b>						\$0.00	\$57,734.69	\$69,907.92	\$0.00	(\$270.00)	\$127,372.61
<b>Divine Carriers</b>						\$0.00	\$126.33	\$126.33	\$0.00	\$0.00	\$252.66
Duluth Economic Development Authority	Invoice	9/1/2021	8601	10/1/2021	13	\$0.00	\$300.00	\$0.00	\$0.00	\$0.00	\$300.00
Duluth Hangar, LLC	Invoice	9/1/2021	8629	10/1/2021	13	\$0.00	\$765.35	\$0.00	\$0.00	\$0.00	\$765.35
<b>Enterprise Leasing Company</b>						(\$47,730.92)	\$0.00	\$0.00	\$0.00	\$97,695.42	\$49,964.50
Ferrari, Matt	Payment	8/17/2021	7621	8/17/2021	28	\$0.00	(\$153.00)	\$0.00	\$0.00	\$0.00	(\$153.00)
General Services Administration	Invoice	9/1/2021	8621	10/1/2021	13	\$0.00	\$5,298.61	\$0.00	\$0.00	\$0.00	\$5,298.61
<b>Goritchan Boris</b>						\$0.00	\$0.00	\$0.00	\$0.00	\$879.00	\$879.00
Grimsbo, Gerald	Invoice	2/10/2020	6437	3/11/2020	582	\$0.00	\$0.00	\$0.00	\$0.00	\$412.00	\$412.00
GSSC	Invoice	7/28/2021	8485	8/27/2021	48	\$0.00	\$0.00	\$575.00	\$0.00	\$0.00	\$575.00
Hagberg, Rick	Invoice	9/1/2021	8641	10/1/2021	13	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
<b>Hall John</b>						\$0.00	\$277.39	\$277.39	\$0.00	\$0.00	\$554.78
Hatfield, Dan	Invoice	9/1/2021	8637	10/1/2021	13	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
<b>Hermantown Hydraulics</b>						\$0.00	\$656.21	\$656.21	\$0.00	\$0.00	\$1,312.42
<b>Hertz-Overland West</b>						\$0.00	\$0.00	\$30,283.86	\$1,472.37	\$56,383.56	\$88,139.79
Hillman Colin	Invoice	9/1/2021	8649	10/1/2021	13	\$0.00	\$215.00	\$0.00	\$0.00	\$0.00	\$215.00
Hydro Solutions, Inc.	Invoice	9/1/2021	8608	10/1/2021	13	\$0.00	\$3,466.75	\$0.00	\$0.00	\$0.00	\$3,466.75
Johnson, Richard	Invoice	9/1/2021	8634	10/1/2021	13	\$0.00	\$443.70	\$0.00	\$0.00	\$0.00	\$443.70
Johnston, Paul	Invoice	9/1/2021	8645	10/1/2021	13	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Kern & Kompany	Invoice	9/21/2020	7319	10/21/2020	358	\$0.00	\$0.00	\$0.00	\$0.00	\$65.00	\$65.00
<b>Lake Country Air, LLC</b>						\$0.00	\$0.00	\$0.00	\$946.59	\$0.00	\$946.59
<b>Lake Superior Helicopters</b>						\$0.00	\$1,537.82	\$0.00	\$0.00	\$0.00	\$1,537.82
Luck, Rick	Invoice	8/24/2021	8596	9/23/2021	21	\$0.00	\$269.26	\$0.00	\$0.00	\$0.00	\$269.26
Lufthansa German Airlines	Payment	8/13/2021	7599	8/13/2021	32	\$0.00	\$0.00	(\$17.01)	\$0.00	\$0.00	(\$17.01)
<b>M &amp; M Light Transport</b>						\$0.00	\$193.35	\$193.35	\$0.00	\$0.00	\$386.70
Magaard, Diana	Invoice	1/15/2021	7785	2/14/2021	242	\$0.00	\$0.00	\$0.00	\$0.00	\$50.00	\$50.00
Messerer Jon	Invoice	6/9/2021	8341	7/9/2021	97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.48	\$0.48
Miner's Outdoor Adventures, LLC	Payment	1/19/2021	6925	1/19/2021	238	\$0.00	\$0.00	\$0.00	\$0.00	(\$15.70)	(\$15.70)
Minnesota Air National Guard	Invoice	7/26/2021	8467	8/25/2021	50	\$0.00	\$0.00	\$100.00	\$0.00	\$0.00	\$100.00
Minnesota Power	Invoice	9/1/2021	8612	10/1/2021	13	\$0.00	\$446.18	\$0.00	\$0.00	\$0.00	\$446.18
<b>Monaco Air Duluth</b>						\$0.00	\$5,798.35	\$1,967.61	\$0.00	\$0.00	\$7,765.96
<b>Mountain Air Cargo</b>						\$0.00	\$1,549.68	\$1,549.68	\$0.00	\$0.00	\$3,099.36

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT Open Balance	8/15/2021 - 9/13/2021 (30) Open Balance	7/16/2021 - 8/14/2021 (60) Open Balance	6/16/2021 - 7/15/2021 (90) Open Balance	BEFORE 6/16/2021 (>90) Open Balance	TOTAL Open Balance
Northland Constructors, Inc.	Invoice	9/1/2021	8616	10/1/2021	13	\$0.00	\$181.50	\$0.00	\$0.00	\$0.00	\$181.50
Oakwells CR, LLC						\$0.00	\$8,241.00	\$0.00	\$0.00	\$53,758.94	\$61,999.94
Opack Matthew Jr.						\$0.00	\$196.81	\$196.81	\$0.00	\$0.00	\$393.62
Palmer, John	Invoice	9/1/2021	8647	10/1/2021	13	\$0.00	\$196.81	\$0.00	\$0.00	\$0.00	\$196.81
Parthe, Lance						\$0.00	\$250.35	\$250.35	\$0.00	\$0.00	\$500.70
Payne, Robert	Invoice	9/1/2021	8632	10/1/2021	13	\$0.00	\$250.35	\$0.00	\$0.00	\$0.00	\$250.35
PGKK (Goldschmidt & Kundel)	Invoice	9/1/2021	8661	10/1/2021	13	\$0.00	\$1,208.70	\$0.00	\$0.00	\$0.00	\$1,208.70
QMS, INC.	Invoice	9/1/2021	8617	10/1/2021	13	\$0.00	\$250.00	\$0.00	\$0.00	\$0.00	\$250.00
Rathbun, David	Invoice	9/1/2021	8640	10/1/2021	13	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Rehabilitation Counselors, Inc.	Payment	8/19/2019	5002	8/19/2019	757	\$0.00	\$0.00	\$0.00	\$0.00	(\$75.00)	(\$75.00)
Republic Parking System	Invoice	1/31/2021	8046	3/2/2021	226	\$0.00	\$0.00	\$0.00	\$0.00	\$330,923.82	\$330,923.82
RS&H	Invoice	9/1/2021	8630	10/1/2021	13	\$0.00	\$2,177.05	\$0.00	\$0.00	\$0.00	\$2,177.05
Safstrom Jon	Payment	3/3/2021	7092	3/3/2021	195	\$0.00	\$0.00	\$0.00	\$0.00	(\$14.00)	(\$14.00)
Saran, Rajiv	Payment	7/21/2021	7532	7/21/2021	55	\$0.00	\$0.00	(\$153.00)	\$0.00	\$0.00	(\$153.00)
Scandinavian Airlines Of North America INC.	Invoice	7/31/2021	8593	8/30/2021	45	\$0.00	\$0.00	\$4.39	\$0.00	\$0.00	\$4.39
Shino, Krcma	Payment	9/6/2021	7683	9/6/2021	8	\$0.00	(\$153.00)	\$0.00	\$0.00	\$0.00	(\$153.00)
Simplex Grinnell	Invoice	3/25/2021	8044	4/24/2021	173	\$0.00	\$0.00	\$0.00	\$0.00	\$115.00	\$115.00
Stevens, Mike	Invoice	9/1/2021	8642	10/1/2021	13	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Sydow Dan						\$0.00	\$250.35	\$250.17	\$0.00	\$0.00	\$500.52
The Landline Company						\$0.00	\$5,794.14	\$2,499.00	\$0.00	\$0.00	\$8,293.14
United Parcel Service						\$0.00	\$0.00	\$130.00	\$0.00	\$190.00	\$320.00
University of Minnesota Duluth	Invoice	8/2/2021	8551	9/1/2021	43	\$0.00	\$0.00	\$3,000.00	\$0.00	\$0.00	\$3,000.00
Werpy, Jonas	Invoice	9/1/2021	8638	10/1/2021	13	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
Wicklein, John	Invoice	7/28/2021	8479	8/27/2021	48	\$0.00	\$0.00	\$153.00	\$0.00	\$0.00	\$153.00
Williams, Ron	Invoice	9/1/2021	8643	10/1/2021	13	\$0.00	\$193.35	\$0.00	\$0.00	\$0.00	\$193.35
<b>Total</b>						<b>(\$47,730.92)</b>	<b>\$106,579.53</b>	<b>\$118,083.20</b>	<b>\$18,790.04</b>	<b>\$563,181.33</b>	<b>\$758,903.18</b>



# VII J

## 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	6,758	11,631	666	7,055	23,060	1,243	13,813	6,181	1,071.23	12,570	1,011.26
MAY	12,376	849	9,519	12,744	638	10,262	25,120	1,487	19,781	8,670	1,021.20	18,294	1,230.26
JUN	14,727	1,494	9,403	15,576	1,526	9,598	30,303	3,020	19,001	7,909	529.38	15,981	529.17
JUL	16,096	3,121	11,778	16,016	3,327	11,791	32,112	6,448	23,569	8,657	277.38	17,121	265.52
AUG	16,868	5,727	12,727	16,846	5,754	12,128	33,714	11,481	24,855	7,000	122.23	13,374	116.49
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	67,719	156,129	64,134	67,096	313,980	129,508	134,815	22,528	361.89	45,097	377.09

### 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	6,758	11,631	666	7,055	13,813
MAY	12,687	849	9,519	13,234	638	10,262	19,781
JUN	14,895	1,494	9,403	15,744	1,526	9,598	19,001
JUL	16,390	3,121	11,778	16,310	3,327	11,791	23,569
AUG	16,982	5,727	12,727	17,161	5,754	12,128	24,855
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	67,786	158,633	64,877	67,163	134,949



## 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	4,045	6,882	438	4,396	13,749	769	8,441	3,714	1,122.05	7,672	997.66
MAY	7,035	374	7,106	7,187	377	7,573	14,222	751	14,679	6,732	1,800.00	13,928	1,854.59
JUN	7,542	685	6,589	7,706	680	6,828	15,248	1,365	13,417	5,904	861.90	12,052	882.93
JUL	8,748	2,122	6,788	8,648	2,277	6,823	17,396	4,399	13,611	4,666	219.89	9,212	209.41
AUG	8,673	3,487	7,484	8,437	3,595	7,281	17,110	7,082	14,765	3,997	114.63	7,683	108.49
SEP	8,092	3,941		7,389	3,908		15,481	7,849	-	(3,941)	(100.00)		
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	44,410	84,777	37,849	44,799	170,931	75,466	89,209	16,398	439.34	40,724	497.09

2021		Revenue	2021		Total
Month	Non Rev		Non Rev	Revenue	
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	125	3,920	110	4,286	8,441
MAY	244	6,862	268	7,305	14,679
JUN	199	6,390	157	6,671	13,417
JUL	165	6,623	170	6,653	13,611
AUG	165	7,319	172	7,109	14,765
SEP					
OCT					
NOV					
DEC					
Total	1,346	42,864	1,359	43,440	89,009

# 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	2,713	4,749	128	2,659	9,311	250	5,372	2,591	2,123.77	5,122	2,048.80
MAY	4,851	475	2,413	4,891	261	2,689	9,742	736	5,102	1,938	408.00	4,366	593.21
JUN	5,271	809	2,814	5,653	846	2,770	10,924	1,655	5,584	2,005	247.84	3,929	237.40
JUL	5,109	999	4,990	5,093	1,050	4,968	10,202	2,049	9,958	3,991	399.50	7,909	385.99
AUG	6,041	2,240	5,243	6,209	2,159	4,847	12,250	4,399	10,090	3,003	134.06	5,691	129.37
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	23,309	56,766	19,945	22,297	114,473	41,276	45,606	8,615	399.42	17,139	407.89

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	104	2,609	95	2,564	5,372
MAY	161	2,252	146	2,543	5,102
JUN	99	2,715	81	2,689	5,584
JUL	164	4,826	123	4,845	9,958
AUG	117	5,126	123	4,724	10,090
SEP					
OCT					
NOV					
DEC					
Total	849	22,460	746	21,551	45,606

## 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)	(10.23)	(830)	(10.23)

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

**Mountain Air Cargo / Fed Ex**

2021		
Month	Freight In	Freight Out
January	82150	46860
February	67634	39061
March	100376	46569
April	119036	64834
May	131126	52951
June	121993	56469
July	122009	60624
August	113059	57265
September		
October		
November		
December		

857383 424633

**Bemidji Air UPS**

2021		
Month	Freight In	Freight Out
January	35536	16593
February	36473	20965
March	50449	24852
April	45976	19685
May	39518	19722
June	45261	25821
July	50311	23070
August	46171	25362
September		
October		
November		
December		

349695 176070

**Combined Combined  
Total Total**

Freight In	Freight Out
117686	63453
104107	60026
150825	71421
165012	84519
170644	72673
167254	82290
172320	83694
159230	82627
0	0
0	0
0	0
0	0

1207078 600703

**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

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## 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	292	2	294	340	2	342	636	65	571
May	592	12	604	578	11	589	1193	151	1042
June	970	12	982	972	27	999	1981	318	1663
July	1208	26	1234	1291	25	1316	2550	502	2048
August	1055	32	1087	1189	41	1230	2317	496	1821
September									
October									
November									
December									
	4671	104	4775	5103	138	5241	10016	6013	4003