



DULUTH AIRPORT AUTHORITY

DULUTH AIRPORT AUTHORITY MEETING AGENDA MARCH 15, 2022

AMATUZIO CONFERENCE ROOM
DULUTH INTERNATIONAL AIRPORT

Click below to access meeting by Microsoft Teams:

<https://duluthairport.com/wp-content/uploads/2022/03/3-DAA-March-Notice.pdf>

I *EXECUTIVE DIRECTORS REVIEW

Information Letter to DAA Directors.

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

A. Approval of February 15, 2022 Meeting Minutes.

III *DAA CASH DISBURSEMENTS

A. Operating Cash Disbursement Sheets #5, and #6 2022; Operating ACH Payment Registers #5, #6 and #7, 2022; Construction Fund Disbursement Sheet #2, 2022; Construction ACH Register #1, 2022.

IV *CORRESPONDENCE

- A. Airport News: February 18, 2022 DAA News Release “Duluth International Airport to Host Precheck Pop-Up Event” March and March 2, 2022 DNT Article “ Biden Arrives in Duluth Aboard Air Force One”.
- B. March 2, 2022, E-Mail from Monaco Air Foundation with Summary of February 2022 Activities.
- C. 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 Employee Incentive Awards for Above and Beyond Outstanding Performances to Amanda McDonald, Dan Taylor, and Matt Johnson in the Amount of \$600 Pursuant to the Duluth Airport Authority's Operating Policy #5.
- B. Resolution to Approve Work Order 2022-3 Between Duluth Airport Authority and SEH, Inc. for Runway 3-21 Lighting and Signage Upgrade Construction Administration.
- C. Resolution to Accept and Award Construction Contract for the Runway 3-21 Lighting and Signage Upgrade Project to PEC Solutions LLC for \$559,184.00.
- D. Resolution to Approve the Terminal Office Lease Agreement Between the Duluth Airport Authority and Kleen-Tech Services, LLC.
- E. Resolution Authorizing an Agreement to Insure Certain Duluth Airport Authority Property and Equipment Under the City of Duluth's Property and Boiler Insurance Policies.
- F. Resolution to Approve CFC Use for Payment of Remaining Unpaid 2020 Minimum Annual Guarantees for Rental Car Agencies as Set Forth in Exhibit A.
- G. *January 2022 Financial Reports.
- H. *February 2022 Accounts Receivables.
- I. *February 2022 Airline, Cargo Statistics & January 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

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DATE: March 15, 2022

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
 - AFTIL Study Update
- Construction
- Operations and Maintenance
 - POTUS Visit; AF1 Preparations
 - CY22 Capital Improvement Plan
 - CBP/FIS Update
- Sky Harbor
 - CBP GAF Update
 - Building Area Master Plan Update

BUSINESS/PROPERTY DEVELOPMENT

- Airline Use and Lease Agreement Consultant RFQ Process
- Hangar 104 Staff Recommendation

FINANCIAL UPDATE

- Purchasing Policy #18
- ARPA Concessionaire Relief Update

MARKETING/COMMUNICATIONS

- Duluth Days Recap
- TSA Precheck Event



DULUTH INTERNATIONAL AIRPORT

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LEGISLATIVE UPDATE

- Congressional Delegation Meeting Recap
- State Senator McEwen Meeting Recap
- Airport Tax Legislation

PRESENTATIONS/TOURS/TRAVEL RECAP

- Hermantown Chamber Luncheon Presentation
- UWS Transportation and Logistics Presentation

OTHER

- NSR

Submitted by,

Tom Werner, C.M.
Executive Director



Appraisal Report

Duluth Airport Authority

Duluth International Airport

December 9, 2021

APPRAISAL REPORT

of:

Hangar 104 Bay 7/8 and 9/10

Duluth International Airport
Duluth, Minnesota

Prepared For:

Jana Kayser, C.M.
Business Development Manager
Duluth Airport Authority
4701 Grinden Drive
Duluth, Minnesota 55811

Prepared By:

David C. Benner, C.M.
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Robert D. Decker, MAI
Appraiser
Decker Associates, Inc.
7800 South Elati Street, Suite 108
Littleton, Colorado 80120-2000

Date of Report:
December 9, 2021

Effective Date:
October 13, 2021





December 9, 2021

Jana Kayser, C.M.
Business Development Manager
Duluth Airport Authority
4701 Grinden Drive
Duluth, Minnesota 55811

RE: Hangar 104 Appraisal

Dear Ms. Kayser:

In accordance with your request and authorization, this writing transmits Aviation Management Consulting Group, Inc.'s (AMCG's) and Decker Associates, Inc.'s (AMCG team's) appraisal report in summary format for Hangar 104 located at the Duluth International Airport.

The purpose of this assignment was to determine the market value and market rent for the Subject Property which consist of certain portions of Hangar 104. The effective date for the appraisal is the date of inspection (October 13, 2021). The value analyzed consists of an "as is" market value and market rent (as of October 13, 2021) as well as an "as completed" market value and market rent (as of April 13, 2022) for the **leased fee interest** of the Subject Property. The AMCG team has not analyzed the leasehold interest or fee simple interest as this is outside the scope of appraisal. The AMCG team understands the current lessee (Cirrus Design Corporation) is on a short-term tenancy. The AMCG team's analysis assumes the Subject Property will be leased on a longer-term basis in the future.

This report was prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and in accordance with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. Additionally, this report was prepared in conformance with the Uniform Appraisal Standards for Federal Land Acquisitions while considering the unique (special purpose) nature of airport properties.

The AMCG team acknowledges the current economic impacts of COVID-19. While the value of certain non-aeronautical properties nationwide has been affected by COVID-19, a consistent and direct affect to rental rates for general aviation properties has not been identified by the AMCG team. Conversely, the AMCG team understands many airports sponsors have elected to (1) not make adjustments to rental payments from lessees, (2) defer rental payments from lessees, (3) provide time limited rent abatement for lessees, and/or (4) postpone scheduled rent adjustments (based on an index or market analysis approach). The conclusions reached in this report reflect the current general aviation real estate market conditions.

Ms. Kayser, C.M.
December 9, 2021
Page 2

As a result of the analysis conducted and based on the AMCG team's experience in the field of real property valuation, an opinion of market value and market rent regarding the Subject Property, as of the date of valuation and contingent to the attached Limiting Conditions and Certifications, has been derived, as follows:

Market Value and Market Rent Conclusion Overview						
Identification	As Is (10/13/2021)			As Completed (04/13/2022)		
	Market Value	Annual Rent		Market Value	Annual Rent	
		PSF	Total		PSF	Total
Cost Approach	\$435,000	\$2.06	N/A	\$1,285,000	\$6.09	N/A
Income Approach	\$685,000	\$3.25	N/A	\$1,020,000	\$4.83	N/A
Value Conclusion	\$600,000	\$2.75	\$52,239.00	\$1,150,000	\$5.35	\$101,628.60

The following appraisal report contains the descriptive data and analyses on which the opinions expressed were predicated.

The AMCG team is pleased to have been called on to conduct this appraisal and provide an opinion of market value for the Subject Property. Please contact us if you have any questions pertaining to this report.

Helping your aviation management excellence,



David C. Benner, C.M.
Managing Consultant
Aviation Management Consulting Group, Inc.



Robert D. Decker, MAI
Appraiser
Decker Associates, Inc.
Temporary License No. 40768631

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I. CERTIFICATIONS

We certify that, to the best of our knowledge and belief...

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and represent our personal, impartial, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the Subject Property and no personal interest with respect to the parties involved with this assignment.
- We have no bias with respect to the Subject Property or to the parties involved with this assignment.
- This assignment was not contingent on developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent on the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- David C. Benner has made a personal inspection of the Subject Property.
- Robert D. Decker has not inspected the Subject Property.
- As of the date of this report, I, Robert D. Decker, MAI, have completed the continuing education program of the Appraisal Institute.
- We have performed no services, as an appraiser or in any other capacity, regarding the Subject Property within the three-year period immediately preceding acceptance of this assignment.
- The following opinion of market value and market rent has been derived for the Subject Property as of October 13, 2021 (As Is) and April 13, 2022 (As Completed):

Market Value and Market Rent Conclusion Overview						
Identification	As Is (10/13/2021)			As Completed (04/13/2022)		
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Cost Approach	\$435,000	\$2.06	N/A	\$1,285,000	\$6.09	N/A
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David C. Benner, C.M.
Managing Consultant
Aviation Management Consulting Group, Inc.



Robert D. Decker, MAI
Appraiser
Decker Associates, Inc.
Temporary License Number 40768631

II. LIMITING AND CONTINGENT CONDITIONS

This report is subject to the following conditions and to other specific and limiting conditions as described by the AMCG team in this report.

1. We assume no responsibility for matters legal in nature affecting the Subject Property, nor do we render any opinion as to the title of the Subject Property, which is assumed to be good and marketable. All existing liens and encumbrances, if any, have been designated and the Subject Property have been analyzed as though free and clear and held under responsible ownership and competent management.
2. Information, estimates, and opinions furnished to the AMCG team and contained in this report were obtained from sources considered to be reliable and are believed to be true and correct. However, we assume no responsibility for their accuracy.
3. Although parcel dimensions were taken from a source considered to be reliable, this should not be construed as a land survey. The exact land size and legal description should be verified by a licensed engineer or land surveyor.
4. Sketches presented in the report may show approximate dimensions and are included to assist the reader in visualizing the Subject Property. We assume no responsibility for their accuracy and have not conducted a survey of the Subject Property.
5. Unless otherwise stated in the report, the opinion of value does not include the contributory value of any personal property, furniture, fixtures, equipment, or on-going business value.
6. It is assumed that the utilization of the improvements is within the boundaries or property lines of the Subject Property and that there is no encroachment or trespass unless noted in this report.
7. This report is prepared for the sole, exclusive use of the client. No third parties are authorized to rely on this report without the express written consent of the AMCG team.
8. It is assumed that all applicable zoning and use regulations have been complied with unless a non-conformity was stated, defined, and considered in this report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. Full compliance with all applicable federal, state, and local environmental regulations and laws is assumed unless noncompliance is stated, defined, and considered in this report.
11. The AMCG team does not have any knowledge of the existence of potentially hazardous material, gases, toxic waste, or mold on or in the Subject Property. To the best of the AMCG team's knowledge, the presence of potentially hazardous waste, materials, or gases has not been detected, or if they have been detected, it has been determined that the amount or level is considered to be safe according to standards established by the Environmental Protection Agency (EPA). However, the AMCG team is not qualified to detect such substances and does not make any guarantees or warranties that the Subject Property has been tested for the presence of potentially hazardous waste material or gases or, if tested, that the tests were conducted pursuant to EPA-approved procedures. The existence of any potentially hazardous material, gases, toxic waste, or mold may have an effect on the opinion of value. An expert in this field should be retained by the client if desired.



12. The AMCG team is not property or environmental inspectors. The AMCG team has provided an opinion of value. This report does not guarantee that the Subject Property is free of defects of environmental issues. The AMCG team has performed an inspection of the visible and accessible areas only. The AMCG team is not qualified to determine the existence of mold, the cause of mold, the type of mold, or whether, if any, mold exists, the mold might pose any risk to the Subject Property or its inhabitants. Mold may be present in areas of the Subject Property, including areas the AMCG team cannot see. A professional property inspector or environmental inspection is recommended.
13. It is assumed that the Subject Property will have an adequate supply of energy in the future.
14. The American with Disabilities Act (ADA) became effective January 26, 1992. The AMCG team has not made a specific compliance survey and analysis of the Subject Property to determine whether or not the Subject Property is in conformity with the various detailed analysis of the requirements of the ADA. It is possible that a compliance survey of the Subject Property together with a detailed analysis of the requirements of the ADA could reveal that the Subject Property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact on the opinion of value. Since the AMCG team has no direct evidence relating to this issue, possible noncompliance with the requirements of the ADA was not considered in providing an opinion of value.
15. We assume there are no hidden or unapparent conditions of the Subject Property, subsoil, or structures that would render the Subject Property more or less valuable. We assume no responsibility for such conditions or for engineering that might be required to discover such factors.
16. No requirements shall be made of the AMCG team to give testimony or appear in court by reason of this report of the Subject Property in question, unless arrangements have been made previously. If any courtroom or administrative testimony is required in connection with this report, an additional fee shall be charged for those services.
17. Possession of this report, or copy hereof, does not carry with it the right of publication nor may it be used for any purpose whatsoever by any entity but the client without the previous written consent of the AMCG team and the client.
18. Disclosure of the contents of this report is governed by the Bylaws of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any opinion of value, the identity of the AMCG team, or the firm with which they are connected, or any reference to any professional society or institute or any designation conferred upon the AMCG team) shall be disseminated to the public through advertising media or public means of communication without prior written consent and approval of the AMCG team.
19. Our inspection of the Subject Property shall in no way be constructed as an engineering inspection for structural soundness, its physical condition, or for the condition of the mechanical systems. We recommend that interested parties obtain an engineering inspection by a competent engineer.
20. We have not included any extraordinary assumptions or hypothetical conditions in our analysis.

**III. EXECUTIVE SUMMARY**

Airport: Duluth International Airport
4701 Grinden Drive
Duluth, Minnesota 55811

Date of Report: December 9, 2021

Effective Date: October 13, 2021 (As Is)
April 13, 2022 (As Completed)

Zoning: Mixed Use Business Park

Subject Property: The Subject Property consists of certain portions of Hangar 104. The Community Hangar is subdivided into four separate bays; two of which are included in this analysis and outlined in the following table.

Subject Properties Overview		
Lessee	Identification	Size (SF)
Cirrus Design Corporation	Hangar 104 Bay 7/8	9,498
	Hangar 104 Bay 9/10	9,498

Present Use: Aviation storage, maintenance, and service

Highest and Best Use: As Vacant: Commercial or non-commercial aeronautical use
As Existing: Commercial or non-commercial aeronautical use

Market Value: A summary of values is provided in the following table.

Market Value and Market Rent Conclusion Overview						
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Cost Approach	\$435,000	\$2.06	N/A	\$1,285,000	\$6.09	N/A
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Value Conclusion	\$600,000	\$2.75	\$52,239.00	\$1,150,000	\$5.35	\$101,628.60



IV. INTRODUCTION

A. Intended Use and Intended User

The purpose of this summary appraisal report is to set forth the investigations and analyses leading to the opinion of market value and market rent for the Subject Property located at Duluth International Airport (Airport) in Duluth, Minnesota on an “as is” and an “as completed” basis.

The intended user of this report is the Duluth Airport Authority (Authority) for internal decision-making as it relates establishing leased fee interest market value and market rent for the Subject Property.

B. Market Value Defined

Market value is defined as “the most probable price which a specified interest in real property is likely to bring under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, assuming the price is not affected by undue stimulus”. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised, and both acting in what they consider their best interest;
- c) a reasonable time was allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- f) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

C. Market Rental Value Defined

Market rental value is defined as “the rental price in cash or its equivalent that the leasehold would have brought on the date of value on the open market, at or near the location of the property acquired, assuming reasonable time to find a tenant.”²

D. Property Rights Appraised

The leased fee interest is being appraised for the Subject Property owned by Duluth Airport Authority.

Leased fee interest is defined as “the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.”³

¹ Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, 2015, Page 128.

² Uniform Appraisal Standards for Federal Land Acquisitions, Section 1.5.4.1., Page 35.

³ Dictionary of Real Estate Appraisal, Appraisal Institute, Sixth Edition, 2015, Page 128.

E. Scope of Appraisal

The scope of this appraisal was to inspect the Subject Property, gather appropriate market data, and utilize appropriate or applicable appraisal techniques to arrive at an opinion of value for the Subject Property. To complete this assignment, the Subject Property was inspected October 13, 2021, an investigation of highest and best use of the Subject Property (as though vacant and as improved) was completed, and neighborhood trends were analyzed. Information regarding Community Hangar rental rates were gathered through survey efforts and confirmed with airport sponsors.

Based on an analysis of the research findings, conclusions were drawn and two approaches to value (Cost Approach and Income Approach) were performed. These approaches are considered a good indicator of value due to the aeronautical use of the Subject Property and consistent with industry best practices. Final market value and market rent estimates were concluded for the Subject Property on an “as is” and “as completed” basis with the results conveyed in this summary appraisal report.

F. Date of Report and Value

This report is dated December 9, 2021, which generally corresponds to the completion date of the report. The effective date of value is October 13, 2021 (As Is), which corresponds to the date the Subject Property was inspected and April 13, 2022 (As Completed) which provides 6 months for identified renovations to be completed.

V. AREA OF INFLUENCE

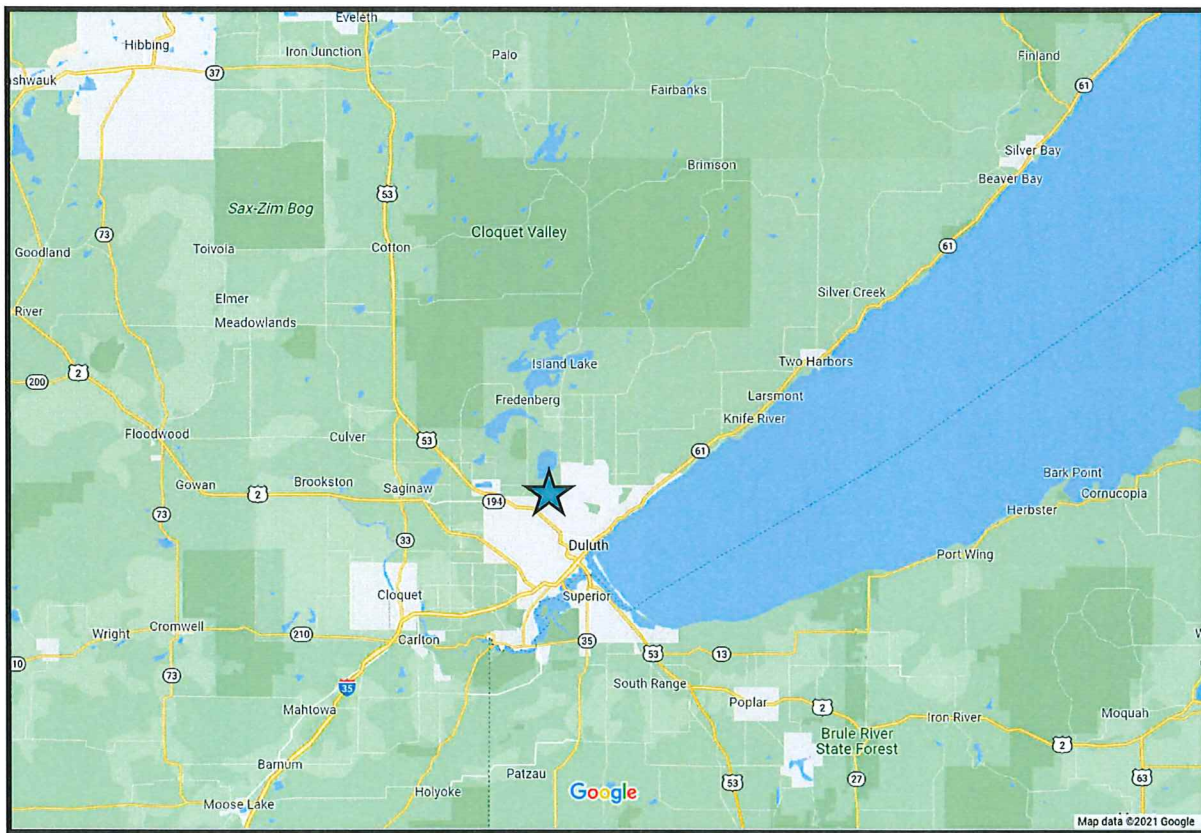
A. Airport Sponsor

The Airport is owned and operated by the Authority. The Authority consists of seven members overseeing the Airport and Sky Harbor Airport.

B. Geographic Location

The City of Duluth, Minnesota (consisting of approximately 80 square miles) is located on the boarder of Minnesota and Wisconsin near Lake Superior. The City is the 4th largest city in the State of Minnesota. The Airport is located approximately five miles northwest of the Central Business District as identified in Figure 1.

Figure 1 – Geographic Location



C. History

The City was named Duluth in 1856 after the contribution of Frenchman Daniel Greysolon and Sieur du Lhut to establish fur trade routes. In 1857, the City suffered an economic crash which was followed by a scarlet fever epidemic in 1859. Combined with natural resources such as copper, iron ore, and lumber, financier Jay Cooke persuaded the Lake Superior and the Mississippi Railroad to make the City the northern terminus. The railroad alone with the port enabled effective transportation during the late 1800s. Additionally, in 1871 City workers created a canal for ships to easily enter the harbor. By the 1900s, The City's port handled more tons annually than New York City. The City later became known for the Ariel Lift Bridge which spans the Duluth Ship Canal into the Duluth-Superior Harbor.

D. Demographics

The population of the City has decreased a total of 0.8% or a compounded annual decrease of 0.1% from 86,918 in 2010 to 86,266 in 2019 (U.S. Census Bureau).

The population of St. Louis County (County) has decreased a total 0.6% or a compounded annual decrease of 0.1% from 200,226 in 2010 to 199,070 in 2019 (U.S. Census Bureau).

E. Business and Industry

The largest employment sectors of the City and County are (1) educational services, health care and social assistance and (2) arts, entertainment and recreation, accommodation, and food service. Combined with professional, scientific and management, and administration, and waste management service, these employment sectors account for approximately 56.1% of the employment in the City and approximately 51.3% in the County.

F. Economic Factors

The civilian labor force of the City has decreased from 143,621 in 2010 to 142,348 in 2019 (U.S. Census Bureau estimate) which represents a total decrease of 0.9% or a compounded annual decrease of 0.1%. Conversely, the civilian labor force of the County has increased from 529,122 in 2010 to 535,421 in 2019 (U.S. Census Bureau estimate) which represents a total increase of 1.2% or a compounded annual increase of 0.1%.

As identified by the U.S. Bureau of Labor Statistics (October 2021), the unemployment rate of the City and County were estimated at 2.7% as compared with the U.S. National Unemployment rate which was approximately 4.6%.

G. Housing

In 2010, the City's occupied housing rate was 60.0% and increased to 60.4% in 2019. As of 2019, 9.7% of houses were built after 2000 and 5.6% of houses were built between 1990 and 1999. Overall, 31.7% of all housing units contain 3 or more bedrooms and 59.6% are owner occupied (U.S. Census Bureau).

In 2010, the County's occupied housing unit rate was 94.6% and decreased to 92.9% in 2019. As of 2019, 8.8% of housing units were built after 2000 and 8.9% of houses were built between 1990 and 1999. Overall, 36.5% of all housing units contain 3 bedrooms and 69.3% are owner occupied (U.S. Census Bureau).

H. Area Attractions

The City features the United States only all freshwater aquarium known as the Great Lakes Aquarium. This aquarium features animals and habitats that are found within the Great Lakes basin and other freshwater ecosystems such as the Amazon River. Additionally, the City offers visitors and residents multiple museums and parks to explore.



I. Climate

The City has a cooler climate year-round. The average annual high temperature is 49° F and the average annual low temperature is 30° F. The hottest month of the year is typically in July with an average temperature of 76° F. The coldest month of the year is typically in January with an average temperature of 2° F. The City's annual precipitation is 30 inches and average snowfall is 85 inches. The average temperature is 40° F (U.S. Climate Data).

VI. AIRPORT OVERVIEW

A. Airport Description

The Airport, which consists of approximately 3,020 acres of land, has 2 runways:

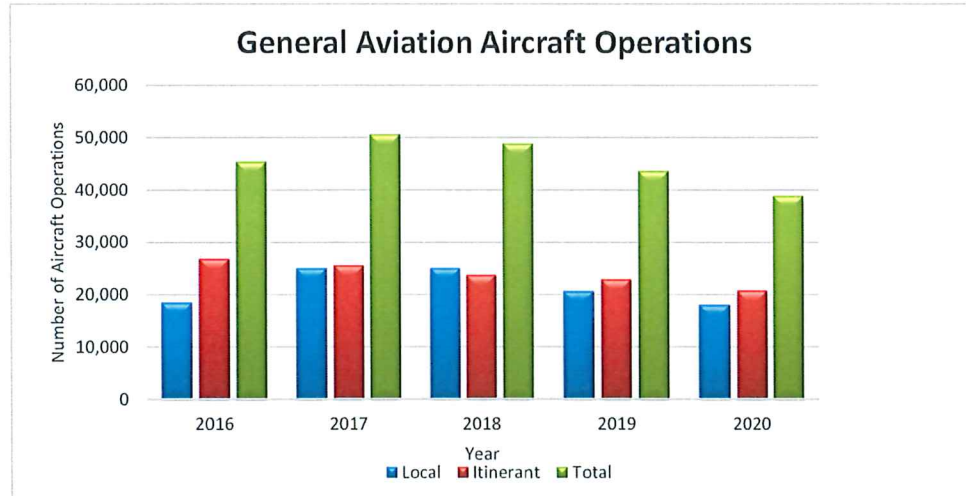
- Runway 03/21 – 5,719 feet long and 150 feet wide, grooved asphalt in good condition.
- Runway 09/27 – 10,591 feet long and 150 feet wide, grooved concrete in good condition.

The Airport has an Air Traffic Control Tower (which operates 24 hours per day, 7 days per week) and is served by one Instrument Landing Systems (ILS) – Runway 09/27 and multiple non-precision approaches (LOC, RNAV – GPS and VOR). The Airport is designated a Primary Commercial Service Nonhub airport in the *FAA National Plan of Integrated Airports System (NPIAS)*.

B. Aircraft Operations

Figure 2 depicts the general aviation aircraft operations (by category – local, itinerant, and total) at the Airport from 2016 to 2020, as reported by the FAA Air Traffic Activity System (ATADS).

Figure 2 – General Aviation Aircraft Operations



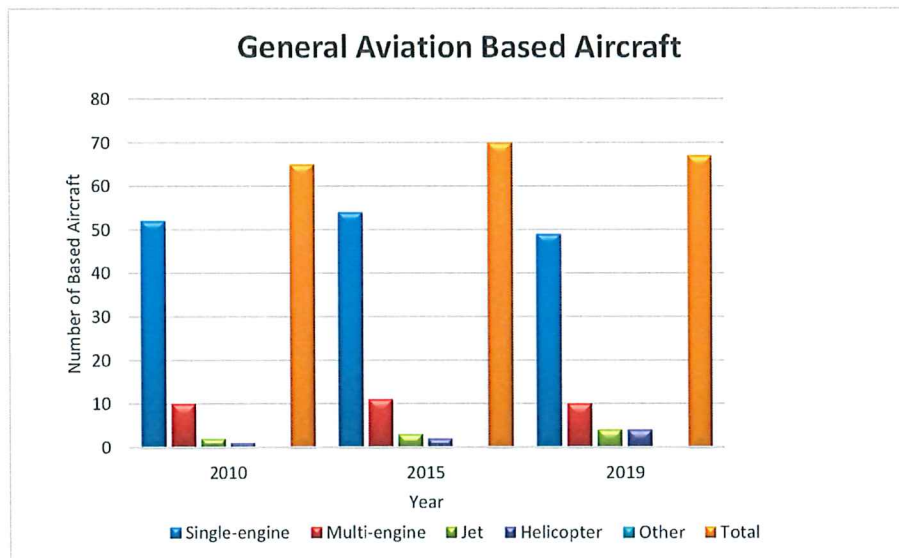
As shown in Table 1, total general aviation aircraft operations at the Airport have decreased from 45,351 in 2016 to 38,837 in 2020. This represents a total decrease of 14.36% and a compounded annual decrease of 3.80%.

Table 1 – General Aviation Aircraft Operations

General Aviation Aircraft Operations				
Year	Local	Itinerant	Total	% Change
2016	18,475	26,876	45,351	N/A
2017	25,069	25,558	50,627	11.6%
2018	25,055	23,756	48,811	-3.6%
2019	20,692	22,899	43,591	-10.7%
2020	18,065	20,772	38,837	-10.9%

C. Based Aircraft

Figure 3 illustrates the number of based aircraft at the Airport from 2010 to 2019, as reported by the 2015 Airport Master Plan (Master Plan).

Figure 3 – General Aviation Based Aircraft


As shown in Table 2, the 2015 Master Plan reported 65 total based aircraft in 2010. The 2015 Master Plan forecasted the 2015 general aviation based aircraft to include 70 total based aircraft. As reported by the FAA Master Record 5010, the 2019 general aviation based aircraft was approximately 67 based aircraft. This represents a total increase of 3.08% and a compounded annual increase of 1.53%.

Table 2 – General Aviation Based Aircraft

General Aviation Based Aircraft						
Year	Single-engine	Multi-engine	Jet	Helicopter	Total	% Change
2010	52	10	2	1	65	N/A
2015	54	11	3	2	70	7.7%
2019	49	10	4	4	67	-4.3%

D. Commercial Operators

There is one fixed base operator (FBO) at the Airport (Monaco Air) providing fueling (jet and avgas), line services, aircraft parking (tiedown and hangar), and aircraft maintenance (including a Cirrus Service Center and Parts distributor). Cirrus Aircraft is also headquartered at the Airport.

E. Zoning

The Subject Property is zoned Mixed Use-Business Park (MU-B) by the City. The MU-B zone “accommodates modern light industrial and technology-based developments” with intended uses including wholesaling, industrial services, research laboratories, and light manufacturing.

The State of Minnesota adopted legislation permitting airports to implement height and land use regulations to minimize airport safety hazards and protect airport operations. As a of revised statutes in 2019, the Joint Airport Zoning Board (JAZB) was created for the Airport. The AMCG team understands JAZB is in the process of developing a custom airport zoning ordinance that is currently in draft format.

The Subject Property appears to confirm to the existing zoning requirements.

F. 14 Code of Federal Regulations Part 77

Due to the relative proximity of the location to the Subject Property in relationship to Runway 09/27, development must conform to 14 Code of Federal Regulations Part 77 *Safe, Efficient Use, and Preservation of the Navigable Airspace* (Part 77). Part 77 includes requirements for the primary surface, horizontal surface, approach surface, transitional surface, and conical surface based on the approach type for the specific runway.

As identified in the Airport Layout Plan (ALP), which is provided in the Appendix, there do not appear to be any adverse Part 77 impacts to the Subject Property. It is important to note the horizontal surface limits vertical development to 150 feet above airport elevation without FAA approval.

G. Advisory Circular 150/5300-13A Airport Design

Due to the relative proximity of the Subject Property on the Airport, development must conform to Advisory Circular 150/5300-13A Airport Design (AC 150/5300-13A). AC 150/5300-13A outlines the FAA standards and recommendations for the design of airports to maintain a safe environment. AC 150/5300-13A includes, but is not limited to, requirements for the Runway Safety Area (RSA), Runway Object Free Area (ROFA), and Runway Protection Zone (RPZ).

Due to the location of the Subject Property in relation to Runway 09/27, the Airport design surfaces do not impact development of the Subject Property.

VII. SUBJECT PROPERTY OVERVIEW

A. History of Property/Owner of Record

The Airport is operated by the Authority, which was established in 1969 by a Board of Director overseeing the administration of the Duluth International Airport and Sky Harbor Airport.

The Airport was originally constructed to serve as a municipal airfield and has now become a facility that serves both civilian and military interests. In 1929, the City purchased property from the County to construct the Airport, which was named Williamson-Johnson Municipal Airport. In 1930, an air mail route was established by the U.S. Postal Service and in 1940, Northwest Airlines began air carrier service in Duluth. The Airport was renamed to Duluth International Airport in 1961.

A summary of the salient lease provisions for the Subject Property is outlined in Table 3:

Table 3 – Summary of Salient Lease Provisions

Summary of Salient Provisions – Hangar Lease Building 104	
Date of Lease	04/01/1998
Lessor	Duluth Airport Authority
Lessee	Cirrus Design Corporation
Term	04/01/1998 – 03/31/2000
Lease Options	Holdover on a month-to-month basis with 30 days written notice for termination
Leased Premises	Hangar 104 (Bay 7/8 and 9/10)
Premises Maintenance	Lessee responsible for all facility maintenance including hangar doors
Additional Attributes*	Concrete apron adjacent to Leased Premises on a non-exclusive basis
Use	Aircraft owned or controlled by Lessee and personal property storage
Initial Rent	\$650 a month
Fees	N/A
Rental Adjustment	Adjusted annually by Consumer Price Index (CPI)
Reversion Provisions	N/A

* Additional Attributes reflect areas not leased as a component of the Subject Property but utilized on a preferential basis for aircraft ingress/egress.

Summary of Salient Provisions – Short-Term Hangar Lease Agreement	
Date of Lease	04/28/2015
Lessor	Duluth Airport Authority
Lessee	Cirrus Design Corporation
Term	11/19/2014 – 12/31/2015
Lease Options	Holdover daily at \$500 per day
Leased Premises	Hangar 104 (Hangar Bay 9/1010) consisting of 9,472 square feet
Premises Maintenance	Authority responsible for all facility maintenance
Additional Attributes*	Concrete apron adjacent to Leased Premises on a non-exclusive basis
Use	Aircraft storage and aircraft maintenance
Initial Rent	\$3,157.33 per month
Fees	N/A
Rental Adjustment	N/A
Reversion Provisions	N/A
Lease Amendment 1 11/19/2014	Revise term to commence on 11/19/2014 and continue on a month-to-month basis until December 31, 2015.

* Additional Attributes reflect areas not leased as a component of the Subject Property but utilized on a preferential basis for aircraft ingress/egress.



B. Legal Description

The AMCG team was not provided with a legal description for the Subject Property. Based on the AMCG team's review, it appears the metes and bounds description is accurate and correct.

C. Site Description

Location:	The Subject Property is located in Duluth, Minnesota at Duluth International Airport which is approximately 5 miles northwest of the Central Business District.
Size:	18,996 square feet (approximately 0.43 acres)
Configuration:	Rectangular configuration
Topography:	Level at street grade
Boundaries:	<p>The neighborhood boundaries are detailed as follows:</p> <p>North: Airport Property</p> <p>South: Lackland Street / Airport Property</p> <p>East: Airport Property</p> <p>West: Airport Property</p>
Soil Conditions:	The AMCG team was not provided with a soils report for review. It is assumed there are no soil conditions which would adversely impact the Subject Property.
Easements:	The AMCG team was not provided with a title report for review. It is assumed there are no easements or encumbrances which would adversely impact the Subject Property.
Utility Availability:	<p>The Subject Property is served by the following utility companies:</p> <p>Water: Comfort Systems</p> <p>Electricity: Minnesota Power</p> <p>Sewer: Comfort Systems</p> <p>Gas: Comfort Systems</p>
Access and Street Improvements:	The Subject Property is accessible from Lackland Street and Airport Road on the south side of the Airport.
On-Site Improvements:	The Subject Property consists of certain portions of Hangar 104. The Community Hangar (Hangar 104) is subdivided into four separate bays; two of which are included in this analysis (Bay 7/8 and Bay 9/10). The remaining portions of Hangar 104 are owned by Monaco Aviation.



Environmental Hazards: The AMCG team was not furnished with an environmental report for review. It is assumed there are no environmental hazards which would adversely impact the Subject Property.

Wetlands: No wetlands were observed during the inspection.

Functional Utility: The site is rectangular in shape which is outlined on the Airport Layout Plan located in the Appendix section of this report.

D. Description of Subject Property

The Subject Property consists of certain portions of Hangar 104. The Community Hangar (Hangar 104) is subdivided into four separate bays; two of which are included in the Subject Property (Bay 7/8 and Bay 9/10). The remaining portions of Hangar 104 are owned by Monaco Aviation. A Photographic survey and Property Identification Map of the Subject Property are provided in the Appendix.

1. Community Hangar

There is approximately 18,996 square feet of Community Hangar included in the Subject Property based on the AMCG team's physical inspection. As outlined in the Appendix, a Community Hangar is a square or rectangular-shaped hangar which is typically connected to other facilities (primarily lean-to structures and/or FBO terminal buildings) and typically range in size from 60 feet by 60 feet to upwards of 100,000 square feet. Each hangar bay is clear span with a metal exterior, steel frame insulated interior, with electrical service. The hangar bays each have a folding metal door, halide lighting, and a concrete floor. It is significant to note the hangar does not have heating, cooling or pneumatics.

It is the AMCG team's opinion that the following five renovations would have the greatest impact, as outlined in the *Facility Condition Assessment* included in the Appendix:

- Electrical upgrades estimated at \$75,000.
- Interior LED lighting estimated at \$19,000.
- Exterior LED lighting estimated at \$5,000.
- Hydraulic upgrades to South hangar door estimated at \$144,000.
- Repair interior steel roof framing rust estimated at \$5,125.

The property details of the Community Hangar are outlined in Table 4.

Table 4 – Community Hangar Summary

Community Hangar							
Basis	Identification	Size (SF)	Door		Access	Amenities	Condition
			Width (FT)	Height (FT)			
As Is	Bay 7/8	9,498	32	98	Good	Fair	Poor
	Bay 9/10	9,498					
As Completed	Bay 7/8	9,498	32	98	Good	Excellent	Excellent
	Bay 9/10	9,498					

VIII. HIGHEST AND BEST USE

Highest and best use is defined as follows:

“The reasonable probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.”⁴

The highest and best use of the land if vacant and available for use may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet contributes to total property value in excess of the value of the site.

In estimating highest and best use of the site as if vacant and improved, the uses are submitted to four different analyses. The analyses are:

- Physically Possible Uses – which uses are physically possible on the subject site
- Legally Permissible – which of the physically possible uses are legally permissible by current or probable zoning and deed restrictions on the subject site
- Financially Feasible – of the selected uses based upon the prior criteria, which uses will produce a net return to the owner of the site
- Most Profitable – which of the economically feasible uses provides the highest net return or the highest present worth

These tests are applied first to the subject site as if vacant and ready for development and then to the existing improved use.

A. Physically Possible Uses

The first constraint imposed on the highest and best use of the property is that dictated by the physical aspects of the site. In general, the larger the site, the greater the potential for achieving economies of scale and flexibility in development.

The Subject Property consist of approximately 18,996 square feet of vertical improvements which could be used for a variety of aeronautical and aeronautical-related uses.

B. Legally Permissible Uses

Generally, there are two types of legal restrictions applicable to property: private restrictions (deed restriction easements) and public restrictions (primarily zoning). The AMCG team was not provided with a title report for review. Based on inspection of the Subject Property, it does not appear that any adverse easements or encroachments exist. For purposes of this analysis, it is assumed that there are no legal private deed restrictions that would impact the current or future development of the Subject Property.

⁴ Appraisal Institute, *The Appraisal of Real Estate*, 12th ed. (Chicago, Illinois, 2001).

The Subject Property is zoned Mixed Use-Business Park by the Authority. The Mixed Use-Business Park accommodates wholesaling, industrial services, research laboratories, and light manufacturing.

C. Financially Feasible and Most Profitable Uses

The AMCG team understands the Subject Property will continue to be utilized as part of the Airport. Although land values indicate a use other than an airport use could be supported as the highest and best use, for the purposes of this analysis, the AMCG team has analyzed the Subject Property as part of the Airport without addressing the potential to redevelop the Subject Property for a use other than aeronautical or aeronautical-related. The AMCG team anticipates the Subject Property will continue to operate as a part of the Airport over the long-term and therefore, the most profitable uses would be aeronautical or aeronautical-related.

D. Highest and Best Use – As Vacant

Based on the preceding analysis, the highest and best use for the Subject Property, as vacant, would be for aeronautical or aeronautical-related use. Allowed uses may be restricted under the legal constraints imposed through zoning. The AMCG team has not addressed the redevelopment of the land for uses other than aeronautical or aeronautical-related.

E. Highest and Best Use – As Improved

Given the size and location of the Subject Property, the AMCG team anticipates the Subject Property would best be utilized for aeronautical or aeronautical-related uses.

IX. VALUATION

A. Introduction

In theory, there are three approaches to value: Cost, Sales Comparison, and Income. Central to each approach is the principle of substitution, as an astute real estate investor will pay no more than the value of an equally desirable alternative property or investment.

The Cost Approach considers the current cost of replacing the building and improvements on a property, less depreciation, plus the market value of the land assumed vacant. Depreciation affecting the property can occur from three sources: physical deterioration, functional obsolescence, and economic obsolescence. This approach is most effective in valuing relatively new (or even proposed) developments or special purpose properties. As such, this approach was considered appropriate and applicable to derive a value and rent conclusion due to the special purpose nature of the Subject Property.

The Sales Comparison Approach involves direct comparisons of similar properties which have sold in the same or similar markets. The data from comparable properties is analyzed and adjustments are made for significant differences. The adjusted sales are then weighted to provide an indication of value. This is the most direct method for valuing on-airport non-aeronautical uses and property located adjacent to an airport for potential acquisition. The Sales Comparison Approach is not a good indicator of value for properties used for commercial aeronautical purposes as it is difficult to separate the value of the business enterprise from the value of the real estate. As such, the Sales Comparison Approach was not considered appropriate and applicable to derive a value conclusion in this case.

The Income Approach is based on an estimate of the Subject Property's possible net income and measures the present worth of anticipated future benefits derived from property ownership. To derive the anticipated future benefits, the net income is capitalized to arrive at an indication of value from the standpoint of an investment. Using the capitalization process, the net income is converted to present value. Provision for the investor's recapture of invested capital, as well as return on capital, is built into this capitalization procedure. Typically, there are two methodologies for determining value by the Income Approach: Direct Capitalization and Discounted Cash Flow. The Direct Capitalization method is best suited for properties being used for commercial purposes. The Discounted Cash Flow method is best suited for larger, multi-tenant properties with divergent leases as the income streams generated can vary significantly from year to year. As such, the Income Approach was considered appropriate and applicable to derive a value conclusion for the Subject Property.

The quantity and quality of data available for examination under each approach and the inherent advantages and disadvantages of each approach is considered and weighed to derive a final estimate of value. The process of evaluating the conclusions derived utilizing each approach is outlined in the Reconciliation and Final Market Value Estimate section.

B. Cost Approach

It is the AMCG team's opinion that the Cost Approach is appropriate and applicable as it pertains to the Subject Property.

1. Replacement Cost of Improvements

In order to estimate a replacement cost for the existing improvements, the Marshall & Swift, Marshall Valuation Service (MVS) Publication, a national cost publication, was utilized. Additional indirect costs (permanent loan fees, property taxes during construction, etc.) which are not included in the MVS base cost were calculated separately.

2. Indirect Costs

Indirect costs have been estimated based on a survey of the marketplace for the Subject Property owned by the Authority as follows:

- Legal, title insurance, and miscellaneous fees have been estimated at \$32,000 which equates to approximately 2% of direct costs.
- Entrepreneurial profit has been estimated at \$165,000 which equates to approximately 10% of direct costs given the commercial orientation of the Subject Property.

3. Estimate of Accrued Depreciation

Accrued depreciation is the difference between the cost of new improvements and the present value of those improvements measured as of the date of the appraisal. Depreciation includes loss in value from three basic categories: physical deterioration, functional obsolescence, and external obsolescence.

Physical deterioration is the loss in value caused by deterioration or impairment of condition because of normal wear and tear and the actual aging of the physical components. It may be curable or incurable.

Given the design and quality of the Subject Property and based on the age-life histories indicated in the MVS, it is the AMCG team's opinion that the Subject Property has accrued physical incurable depreciation as outlined in Table 5.

Table 5 – Physical Incurable Depreciation of Subject Property

Depreciation Schedule (Physical Incurable)						
Component	Basis	Effective Age	Economic Life	Estimate Physical Depreciation	Replacement Cost (New)	Estimated Depreciation
Hangar 104 Bay 7/8	As Is	25	40	63%	\$ 800,301	\$ 1,000,376
Hangar 104 Bay 9/10				63%	\$ 800,301	
Hangar 104 Bay 7/8	As Completed	10		25%	\$ 800,301	\$ 400,151
Hangar 104 Bay 9/10				25%	\$ 800,301	

For the purposes of this analysis, curable physical depreciation was estimated at \$361,625 ("as is") and \$113,500 ("as completed").

Functional obsolescence is the adverse effect on value resulting from defects in design which may impair utility. It can be caused by changes occurring over time making some aspect of the structure, material, or design obsolete by current standards.

For the purposes of this analysis, no functional obsolescence has been estimated.

External obsolescence is the adverse effect on value resulting from influences outside (or beyond) the property itself. This includes changing property or land use patterns, shifting zoning districts, or adverse economic climates. Economic impact (or obsolescence) is measured by the difference between a return on cost and estimated net operating income.

For purposes of this analysis, no external obsolescence has been estimated.

4. Rate of Return Analysis

To determine a rental rate from the concluded value, the AMCG team obtained and considered rates of return for airport-based properties from a cross section of airports (ranging from General Aviation to Large Hub Primary Commercial Service airports). These airport sponsors indicated rate of return expectations ranging from 3.0% to 15.0%, with 10.0% identified as the most common. Further, rates of return are also influenced by the size, complexity, historical practices, demand, and availability of property for development. It is also important to note the rate of return expectations are typically based on a lease term of 20-30 years.

It is the AMCG team's opinion that a 9.0% rate of return is reasonable and appropriate for the Airport.

5. Cost Approach Summary

Based on the preceding analysis, the results of the Cost Approach are outlined in Table 6.

Table 6 – Cost Approach Summary

DIRECT COSTS			
Identification	Square Feet	Cost per Unit	Total Cost
Hangar 104 Bay 7/8	9,498	\$ 84.26	\$ 800,301
Hangar 104 Bay 9/10	9,498	\$ 84.26	\$ 800,301
Total Direct Building and Site Improvement Costs			\$ 1,600,602

INDIRECT COSTS	
Component	Cost
Interim Real Estate Taxes	\$ -
Advertising/Lease up Costs	\$ -
Permanent Loan Fees	\$ -
Legal, Title Insurance, and Misc. Fees	\$ 32,000
Entrepreneurial Profit	\$ 165,000
Total Indirect Costs	\$ 197,000

Total Direct and Indirect Costs	\$ 1,797,602
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LESS: DEPRECIATION		
Component	As Is	As Completed
Physical Incurable (see Depreciation Schedule)	\$ 1,000,376	\$ 400,151
Physical Curable	\$ 361,625	\$ 113,500
Functional	\$ -	\$ -
External	\$ -	\$ -
Total Depreciation	\$ 1,362,001	\$ 513,651

Depreciated Replacement Cost	\$ 435,601	\$ 1,283,952
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INDICATED VALUE BY THE COST APPROACH	\$ 435,601	\$ 1,283,952
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ROUNDED:	\$ 435,000	\$ 1,285,000
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Rate of Return (9%)	\$ 39,150	\$ 115,650
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Rental Conclusion:	\$ 2.06	\$ 6.09
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C. Income Approach

The Income Approach to real property value considers a relationship between the estimated net income the property could generate and the sale price or value. This net income is translated into a value estimate using a market driven capitalization rate appropriate to meet the market demands for investment returns. There are two commonly used capitalization methodologies – Direct Capitalization and Discounted Cash Flow. These methods are summarized, as follows.

Direct Capitalization is “used to convert an estimate of a single year’s income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.”⁵

Discounted Cash Flow analysis is “the procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate.”⁶

Under the Income Approach, leasehold interest is dictated by market rent which is the rental income the Subject Property would likely command in the open market. As such, the Direct Capitalization method finds application in this case due to the likelihood of long-term tenancy.

1. Rental Discussion

To estimate market income potential, information and data from similar properties at comparable airports was analyzed and augmented with information and data available from national, regional, and competitive airports. The results of the analysis are summarized in this section. Definitions of the minimum, maximum, mean, standard deviation, median, and range are provided in the Appendix section of this report.

a. National Data

As a supplement to the comparable airport data, rents obtained from more than 700 airports located throughout the United States were analyzed. A summary and statistical analysis of the findings for national airports is provided in Table 7.

Table 7 – National Airport Data Summary

National Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Community Hangar	\$0.20	\$11.50	\$3.81	\$2.22	\$3.24	\$11.30

All rental rates are “per square foot per year” (psf/yr)

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 3rd ed., Appraisal Institute, 1993, Page 100.

⁶ Ibid. Page 102.

b. Regional Data (FAA Great Lakes Region)

As an additional supplement to the comparable airport data, rents obtained from more than 115 airports in the FAA Great Lakes Region (consisting of Illinois, Indiana, Michigan, Minnesota, North Dakota, Ohio, South Dakota) were analyzed. A summary and statistical analysis of the findings for regional airports is provided in Table 8.

Table 8 – Regional Airport Data Summary

Regional Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Community Hangar	\$0.06	\$7.25	\$3.46	\$1.81	\$3.24	\$7.19

All rental rates are "per square foot per year" (psf/yr)

c. Comparable Airport Data

The first step in identifying comparable airports is developing an accurate profile of the Airport. The profile was developed based on data available from various sources, including the FAA, state, and local agencies. The Airport profile provided the basis for establishing the criteria and parameters for identifying comparable airports.

The selection of comparable airports was based on aeronautical activity and infrastructure criteria including historic activity levels, total based aircraft, the presence of a control tower and precision instrument approach, runway length, total airport acreage, and the FAA NPIAS. Parameters were then established in each of these areas to facilitate the selection process.

While a total of 21 airports were considered comparable to the Airport, rental rates and useable information from 7 airports were obtained and analyzed, as shown in Table 9.

Table 9 – Comparable Airports

Comparable Airports		
Airport	Identifier	Location
Bangor International Airport	BGR	Bangor, Maine
Battle Creek Executive Airport	BTL	Battle Creek, Michigan
Columbus Municipal Airport	BAK	Columbus, Indiana
Mahlon Sweet Field Airport	EUG	Eugene, Oregon
New Century Air Center Airport	IXD	Olathe, Kansas
Peoria International Airport	PIA	Peoria, Illinois
Roberts Field Airport	RDM	Redmond, Oregon

Table 10 provides a summary and statistical analysis of the findings for the comparable airports.

Table 10 – Comparable Airports Data Summary

Comparable Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Community Hangar	\$2.38	\$11.50	\$5.60	\$2.81	\$4.52	\$9.12

All rental rates are "per square foot per year" (psf/yr)

d. *Competitive Airport Data*

Typically, an airport is considered competitive if located in proximity to the Airport. Each airport identified is then compared to the Airport based on (1) infrastructure and (2) available products, services, and facilities.

For the purposes of this study, airports within 45 nautical miles of the Airport were identified as being potentially competitive airports. While a total of 9 airports were considered competitive to the Airport, rental rates and useable information from 5 airports were obtained and analyzed, as shown in Table 11:

Table 11 – Competitive Airports

Competitive Airports		
Airport	Identifier	Location
Cloquet Carlton County Airport	COQ	Cloquet, Minnesota
Eveleth-Virginia Municipal Airport	EVM	Eveleth, Minnesota
Range Regional Airport	HIB	Hibbing, Minnesota
Richard B Helgeson Airport	TWM	Two Harbors, Minnesota
Richard I Bong Airport	SUW	Superior, Wisconsin

Table 12 provides a summary and statistical analysis of the findings for the competitive airports.

Table 12 – Competitive Airports Data Summary

Competitive Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Community Hangar	\$0.96	\$2.65	\$1.88	\$0.68	\$1.95	\$1.69

All rental rates are "per square foot per year" (psf/yr)

e. *Air National Guard Airports Data*

In addition to the comparable and competitive airport analysis, data from a total of 3 Air National Guard airports was obtained and analyzed. Table 13 provides a summary and statistical analysis of the findings for the Air National Guard airports.

Table 13 – Air National Guard Airports

Air National Guard Airports		
Airport	Identifier	Location
Des Moines International Airport	DSM	Des Moines, Iowa
Hector International Airport	FAR	Fargo, North Dakota
Minneapolis St. Paul International Airport	MSP	Minneapolis, Minnesota

Table 14 provides a summary and statistical analysis of the findings for the air national guard airports.

Table 14 – Air National Guard Airports Data Summary

Air National Guard Airport Data Summary						
Component	Minimum	Maximum	Mean	Standard Deviation	Median	Range
Community Hangar	\$1.33	\$6.75	\$3.58	\$2.08	\$2.89	\$5.42

All rental rates are "per square foot per year" (psf/yr)

2. Rental Rate Conclusions (By Component)

Table 15 identifies AMCG's opinion of market rent for the Subject Property. The rental rate conclusions (effective October 13, 2021, for the As Is basis and April 13, 2022, for the As Completed basis) are based on the analysis of the Subject Property and the rents being charged for similar properties at the Airport and national, regional, comparable, and competitive airports. The market rental rate conclusions are conveyed on a "per square foot per year" (psf/yr) basis.

Table 15 – Rental Rate Conclusions

Rental Rate Conclusions				
Component	Basis	Identification	Size (SF)	Market Rent Opinion
Community Hangar	As Is	Bay 7/8	9,498	\$3.60
		Bay 9/10	9,498	
	As Completed	Bay 7/8	9,498	\$6.40
		Bay 9/10	9,498	

All rental rates are "per square foot per year" (psf/yr)

Throughout the following analysis, more weight has been given to the comparable airports as the amenities and attributes of these airports and similar properties align with the Airport and the Subject Property. As such, the rental rates at these airports are more reflective of relevant and useable data to establish rental rate conclusions for the Airport.

The average national, regional, comparable, and competitive rental rates are representative of airport properties with the following attributes (as applicable):

- average airside and landside access,
- average amenities, and
- average condition.

Each of these attributes is rated using the following descriptors: poor, fair, average, good, and excellent. Once a base rental rate was ascertained for the Airport, specific conclusions were derived for each component of the Subject Property based on size, access, amenities, and condition. For the purposes of this analysis, size adjustments were developed, where appropriate, based on an analysis of AMCG's proprietary industry database (for all airports nationally). This process included an analysis of more than 4,500 data points correlating size ranges to existing rental rates compared to the national average rental rate.

a. *Community Hangar*

The results of the study indicate that the average rental rates for Community Hangar range from \$1.88 psf/yr at competitive airports to \$5.60 psf/yr at comparable airports. The average rental rate at Regional airports was \$3.46 psf/yr and \$3.81 psf/yr at national airports. The average rental rate at National Guard Airports was \$3.58 psf/yr. It is significant to note the rental rates for Community Hangar range from a minimum of \$0.96 psf/yr at competitive airports to a maximum of \$11.50 psf/yr at comparable airports.

Based on analyzing all available data, a base rental rate of \$4.75 psf/yr was derived.

The average rental rate for a Community Hangar exhibits the following size adjustments compared to the national average rental rate.

Table 16 – Community Hangar Rental Rate Size Adjustments

Rental Rate Size Adjustments	
Range (square feet)	Adjustment (based on size)
Up to 7,499	+30%
7,500 – 12,499	+10%
12,500 – 17,499	-30%
17,500 – 22,499	0%
22,500 – 49,999	-10%
Greater than 50,000	-5%

Utilizing the base rental rate and predicated on adjustments for size, access, amenities, and condition, the estimated rental rate conclusions are outlined in Table 17.

Table 17 – Community Hangar Conclusions Summary

Community Hangar Conclusions Summary									
Basis	Identificaton	Size (SF)	Base Rental Rate	Adjustments				Calculated Result	Market Rent Opinion
				Size	Access	Amenities	Condition		
As Is	Bay 7/8	9,498	\$4.75	10%	5%	-15%	-25%	\$3.56	\$3.60
	Bay 9/10	9,498		10%				\$3.56	
As Completed	Bay 7/8	9,498		10%	5%	10%	10%	\$6.41	\$6.40
	Bay 9/10	9,498		10%				\$6.41	

All rental rates are "per square foot per year" (psf/yr)

b. *Key Underlying Assumptions*

The market rent opinions are based on the lessee having full and continued access to the Airport infrastructure. Additionally, the analysis was based on an evaluation of triple net lease rates.⁷

⁷ Triple net lease rates, by definition, occur when the lessee is responsible for all maintenance, utilities, insurance, and taxes associated with the Subject Property. Consistent with industry standards for general aviation improvements, the evaluation of "triple net lease rates" includes the airport sponsor paying for costs associated with major maintenance items (e.g., repair and/or replacement of hangar doors, roofing, super structure, HVAC, etc.).

Market rents are driven by the amount a willing buyer (lessee) pays to a willing seller (lessor). To the extent that local economic factors affect rental rates at the national, regional, comparable, competitive airports, and air national guard airports, these economic factors will be reflected in the rental rate conclusions. To derive the market rent opinions for the Subject Property, the AMCG team has identified and analyzed (on a comparative basis) the rents charged and paid for similar properties (by component) at a cross-section of airports that are considered most comparable to the Airport.

The AMCG team recognizes there are differences between the Airport and the comparable airports. Some of the comparable airports exhibit superior characteristics and some exhibit inferior characteristics. To identify airports that were considered most comparable to the Airport and to draw conclusions that reflect the conditions at the Airport, the comparable airports were compared with the Airport using aeronautical activity and infrastructure indicators.

It is the AMCG team's experience that aeronautical activity and infrastructure indicators at airports typically run parallel to local economic indicators. Therefore, it is reasonable to assume the airports identified as comparable to the Airport (based on the selection criteria) will be located in markets with economic and demographic characteristics similar to the subject market. As such, a separate analysis of local economic indicators was not deemed necessary in this case.

3. *Vacancy and Collection Loss*

In standard real estate appraisal practice, an allocation for vacancy and collection losses would be deducted to reflect the potential loss of income resulting from tenant turnover, late or unpaid rent, or other factors.

For the purposes of this analysis, vacancy and collection loss was estimated at 5%.

4. *Expense and Reserves*

As indicated previously, "net" rents are typically paid to the lessor, which in most cases is the airport owner (or sponsor) or other governmental entity. All expenses are typically the responsibility of the lessee. The only expenditures incurred by the lessor would be related to administrative and/or legal expense associated with organizing and maintaining the various lease contracts as well as operating expenses (collectively referred to as management expenses) and reserves for replacement of short-lived physical components such as concrete or asphalt paving and various building components (e.g., roof).

In this case, the AMCG team has utilized 2% of effective gross income for management expenses and \$0.10 psf for reserves for replacement of building components.

5. Overall Capitalization Rate

The Direct Capitalization method involves the capitalization of the projected net operating income by an overall capitalization rate. This rate is usually selected based on an analysis of sales of similar facilities. However, as previously discussed, airport-based properties are typically leased from airport owners (or sponsors) or other governmental entities and are rarely sold on the open market. As such, the AMCG team has derived an overall capitalization rate through an analysis of alternative source of rates published by Price Waterhouse Coopers (PWC) Real Estate Investor Survey as well as rate of return expectations from airport sponsors.

PWC Real Estate Investor Survey consists of a national survey as of the 3rd Quarter 2021 for industrial properties, which is most representative of the Subject Property. The national rates range from 3.0% to 6.5% and average 4.3%.

In addition to the survey of rental rates, the AMCG team obtained and considered rates of return for airport-based properties from a cross section of airports (ranging from General Aviation to Large Hub Primary Commercial Service airports). These airport sponsors indicated rate of return expectations ranging from 3.0% to 15.0%, with 10.0% identified as the most common. Further, rates of return are also influenced by the size, complexity, historical practices, demand, and availability of property for development. It is also important to note the rate of return expectations are typically based on a lease term of 20-30 years.

For the purposes of this analysis, a 9% overall capitalization rate and rate of return was determined to be most appropriate for the Subject Property.

6. Income Approach Summary

Based on the preceding analysis, the results of the Income Approach are outlined in Table 18.

Table 18 – Income Approach Summary

INCOME					
Identification	Square Feet	As Is		As Completed	
		Market Rent Opinion	Total Rent	Market Rent Opinion	Total Rent
Hangar 104 Bay 7/8	9,498	\$ 3.60	\$ 34,193	\$ 6.40	\$ 60,787
Hangar 104 Bay 9/10	9,498	\$ 3.60	\$ 34,193	\$ 6.40	\$ 60,787
Total Gross Income		N/A	\$ 68,386	N/A	\$ 121,574
LESS: Vacancy and Collection Loss		N/A	\$ 3,419	N/A	\$ 6,079
Effective Gross Income		N/A	\$ 64,967	N/A	\$ 115,495
LESS:					
Component		Assumption	Total	Assumption	Total
Management (% of Gross Income)		2%	\$ 1,299	2%	\$ 2,310
Reserves for Replacement (Apron)		-	\$ -	-	\$ -
Reserves for Replacement (Buildings)		18,996	\$ 1,900	18,996	\$ 1,900
Total Expenses and Reserves		N/A	\$ 3,199	N/A	\$ 4,210
Net Operating Income			\$ 61,768		\$ 111,285
Capitalization (9%)			\$ 686,311		\$ 1,020,963
TOTAL VALUE BY THE INCOME APPROACH			\$ 686,311		\$ 1,020,963
ROUNDED:			\$ 685,000		\$ 1,020,000
Rate of Return (9%)			\$ 61,650		\$ 91,800
Rental Conclusion:			\$ 3.25		\$ 4.83

D. Reconciliation and Final Market Value Estimate

This analysis has resulted in the following value conclusions as of October 13, 2021 (As Is) and April 13, 2022 (As Completed):

Table 19 – Market Value and Market Rent Conclusions

Market Value and Market Rent Conclusion Overview						
Identification	As Is (10/13/2021)			As Completed (04/13/2022)		
	Market Value	Annual Rent		Market Value	Annual Rent	
		PSF	Total		PSF	Total
Cost Approach	\$435,000	\$2.06	N/A	\$1,285,000	\$6.09	N/A
Income Approach	\$685,000	\$3.25	N/A	\$1,020,000	\$4.83	N/A
Value Conclusion	\$600,000	\$2.75	\$52,239.00	\$1,150,000	\$5.35	\$101,628.60

The Cost Approach and Income Approach were utilized for the Aeronautical Improvements. Adjustments were made to reflect each attribute of the Subject Property as applicable to each valuation approach.

The Cost Approach was supported by the MVS. There is judgment involved in estimating accrued depreciation due to the age and condition of the Subject Property. The Cost Approach supported the Income Approach and vice versa.

While there is subjectivity involved in deriving market rent conclusions for each component of the Subject Property, information and data from similar properties at comparable airports (in addition information and data from national, regional, and competitive airports), was utilized providing additional support for the market rent conclusions.

The Subject Property would be leased on a “net” basis. As such, the expenses incurred by the Authority would be nominal. The capitalization rate is supported by a national and regional investor survey as well as conversations with airport sponsors.

E. Prospective Marketing Period and Exposure Time

Part of this appraisal assignment is to convey an estimate of a typical marketing period for the Subject Property based on the market value conclusion. Generally, the marketing period is tied to the definition of Market Value which, in this case, states that *“A reasonable time is allowed for exposure in the open market.”*

Therefore, the research must focus on what the market considers a reasonable time to be “in the market” for the Subject Property. The marketing time estimate is based on the length of the known and expected characteristics of the Subject Property, its environs, and the real estate market during that period of time to the point of a negotiated sales contract.

It is important to distinguish between exposure time and marketing period. As with many appraisal issues, support can be gleaned from market transactions. For example, comparable properties which are under contract on the effective date of value are not usually adjusted for time (date of sale); whereas, options that call for a future closing date are generally adjusted back to the date of appraisal. In other words, it is the “meeting of the minds” as to price and terms that influences the appraisal. Therefore, in this report, “reasonable exposure time” is viewed as an historical event ending on the valuation date. Conversely, the “marketing period” is the AMCG team’s estimate of the length of time necessary to secure a binding sales contract on the property in the future (i.e., prospective marketing time).

The responses to the PWC Real Estate Investor Survey have also been reviewed. This survey is published quarterly and summarizes the responses of developers and investors. In the most recent survey, the average national marketing time for industrial properties for the 3.4 months. Given the current market conditions of the local area and uniqueness of the Subject Property, it was determined that a reasonable marketing time for the Subject Property would be 6 to 12 months at the value conclusion. Essential to this conclusion is the marketing of the property by competent professionals. Exposure period is also estimated at 6 to 12 months.

X. APPENDIX

A. Definitions and Acronyms

- Commercial – An activity undertaken with the intent to generate and/or secure earnings, income, or compensation (including exchange or barter of goods or services), and/or profit, whether or not such objectives are accomplished.
- Community Hangar – A square or rectangular-shaped hangar which is typically connected to other facilities (primarily to lean-to structures and/or FBO terminal buildings). Community Hangars, which typically range in size from 75 feet by 75 feet to upwards of 100,000 square feet per building, are typically the largest hangar located at an airport. Community Hangars can accommodate multiple aircraft of various sizes and configurations which are owned by more than one company or individual.
- GPS – Global positioning system.
- Itinerant – Aircraft operations terminated at an airport which (1) arrive from outside the airport area or (2) depart the airport and leave the airport area.
- Local – Aircraft operations which (1) remain in the local traffic pattern, (2) execute simulated instrument approaches or low passes at an airport, or (3) operate to or from an airport and a designated practice area within a 20-mile radius of the Air Traffic Control Tower.
- ILS – Instrument Landing System.
- LOC – Localizer.
- Maximum – Maximum value present in the data range.
- Mean – Arithmetic average of all data in the data range.
- Median – Value wherein half of the data points in the number series are below while half of the data points in the number series are above.
- Minimum – Minimum value present in the data range.
- Range – Mathematical difference between the maximum and minimum values of the data range.
- RNAV – GPS – Area navigation-global positioning system.
- RNAV – RNP – Area navigation-required navigation performance.
- Standard Deviation – Statistical method designed to mathematically measure the variability in a set of data points. The calculated figure for standard deviation is indicative of the relative distance between the mean and every data point. For a normally distributed data range, approximately 68% of the data points would fall within one standard deviation of the mean, as illustrated by a normal bell curve. Similarly, approximately 95% of the data points would fall within two standard deviations, while approximately 99.7% of the data points would fall within three standard deviations of the mean. Assuming the data points from the airports are representative of the population and the population follows a normal bell curve, the calculated standard deviation values would illustrate the relative variability in data points (i.e., how close these data points are to the mean).
- VOR – Very high frequency omnidirectional range.
- VOR/DME – Very high frequency omnidirectional range/distance measuring equipment.

B. Subject Property Identification Maps

Figure 4 – Subject Property



For reference purposes only

[illegible]

C. Facility Condition Assessment



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FACILITY CONDITION ASSESSMENT

INTRODUCTION

Building Number: 104	Age: Mid 1950's, 1960's
Building Name: Hangar 104	Size: 37,992 Sq. Ft. (total)
(Bays 7/8,9/10,11/12,13/14)	Tenant/ Owner Type: Public
Ownership: DAA / Monaco	Use: Aircraft Hangar
Construction Type: Pre-engineered Metal Building	
General Condition: 1 (Electrical System)	
2 (Building)	

BUILDING

Structural Systems

No structural deficiencies were observed with the building. Some joint cracking in the concrete masonry units (CMU) base wall along the east end, but not considered a structural concern at the time of the inspection.

Building Shell

The exterior walls of the original building are constructed of a pre-engineered metal building frame with steel wall girts and a painted metal building wall panel exterior cladding with a painted CMU base. The painted metal exterior wall panels appeared to be in fair condition overall, but had a few locations with damaged panels around the hangar. The exposed steel framing inside of hangers had visible surface rust. It is recommended that any damaged wall panel locations be repaired or replaced and painted metal on exterior of building should be thoroughly cleaned and re-painted to prevent further deterioration of the metals.

The interior finish on the walls consisted of a painted metal wall liner panel and appeared in fair condition. It is recommended that the painted metal liner panel and the steel roof framing should be thoroughly cleaned and re-painted to prevent further deterioration of the metals.

The interior floor system consisted of cast-in-place concrete on grade. There did not appear to be any signs of significant cracks, deterioration or settlement of the floor slab.

The existing overhead hangar doors consisted of a pre-engineered metal frame with steel wall girts and a painted metal wall panel cladding that matched the building exterior. The painted metal wall panel cladding appeared to be in fair condition overall, but had multiple locations with damage more apparent nearest to ground level. Based on comments received from the DAA, the North side hangar doors were abandoned and currently do not operate. Parts have been removed from the North side hangar doors and installed on South hangar doors in order for these to remain operational. The existing hydraulic system that operates these doors commonly freezes during winter months due to the abandoned heat system in hangars, and use of a blow torch to thaw system is required. It was noted as being common for these hangar doors to break down. It would be recommended to remove and service existing hangar doors or replace doors if it is determined that the doors cannot be refurbished.

104-Hangar 104 (Bays 7/8,9/10,11/12,13/14)
Facility Condition Assessment
Page 2

Replacement costs for these hydraulic controlled tilt-up hangar doors would be estimated at around \$20 per square foot of door area (3,000 SF x \$20 = \$60,000). Add an additional 10% on for contingency and 10% for soft costs, for a total around \$72,000 (each). Other options such as bi-fold and bottom rolling are available, and we can provide further detail upon request.

Roofing

Direct roof access was not available at the time of the site visit, however the roof was partially visually observed from the exterior grade level. Roofing systems appeared to consist of a metal roof panel secured to metal purlins. It is assumed there is a minimal amount of roof insulation setting on roof deck. Based on comments received from the DAA, this roof was replaced in 2014 and has had no reported roof leaks. Surface rust was present on steel roof framing structure inside building and should be cleaned and touch-up painted to prevent further deterioration of metals. Roof drainage is achieved by sheet drainage off eaves of building, with no gutters or downspouts present.

MECHANICAL

Building HVAC

No active mechanical systems. Abandoned heating system to remain.

ELECTRICAL

Power Distribution

In a fenced area west of Hangar 104 is 13.8 KV switchgear, a bank of 13.8 KV transformers sitting on a slab on grade, and an 8-bay 480/277 volt, 3 phase, 4 wire volt pad mounted substation. This gear feeds several hangers via meter sockets mounted on the outside wall. This service equipment is very old and should be replaced by a pad mounted transformer and perhaps an exterior weatherproof switchboard.

The electrical service equipment in the hangers that are fed from this service is also very old, over 50 years old. The entire electrical distribution system for these hangers should be replaced. The total cost for replacement of the entire electrical distribution system would be on the order of \$150,000

Interior Lighting

Interior lighting consists of HID high bay lighting. This is old and should be replaced by energy efficient LED lighting. The cost to replace the lighting is estimated to be \$38,000.

Exterior Lighting

Exterior lighting is HID. This should be replaced by energy efficient LED lighting. The cost to replace the exterior lighting is approximately \$10,000.

RECOMMENDATIONS

- Clean and re-paint exterior metal wall/ door panel cladding, CMU base, and exposed metals on building, estimated \$92,500.
- Clean and re-paint interior metal wall liner panel, estimated \$134,500.
- Clean surface rust present on interior steel roof framing structure and touch-up paint, estimated \$10,250.
- Service existing hangar doors and hydraulic operator.
- Replacement of power distribution system, electrical service equipment, and interior and exterior lighting

104-Hangar 104 (Bays 7/8,9/10,11/12,13/14)
Facility Condition Assessment
Page 3



Photo 1 104-Hangar Exterior Building



Photo 2 Peeling Paint at Interior Metal Liner Panel

104-Hangar 104 (Bays 7/8,9/10,11/12,13/14)
Facility Condition Assessment
Page 4



Photo 3 Damage at North Side Hangar Door / Peeling Paint at Interior Metal Liner Panel



Photo 4 Hydraulic System That Operates Hangar Doors

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D. Hangar 104 Photographic Survey



Hangar 104
Bay 7 & 8



Hangar 104
Bay 7 & 8



Hangar 104
Bay 7 & 8



Hangar 104
Bay 9 & 10



Hangar 104
Bay 9 & 10



Hangar 104
Bay 9 & 10

E. Consultant/Appraiser Qualifications

David C. Benner, C.M. Managing Consultant



Experience

David has over **15 years** of aviation planning, operations, management, and consulting experience.

For the last **10 years**, David has managed AMCG's proprietary aviation industry database that includes industry data, information, and documentation pertaining to airports and aviation businesses published by federal and state aviation agencies and collected through the research efforts of AMCG (including survey and project-related data collection). David has served as a key research team leader on 5 ACRP projects including ACRP Report 213 (Estimating Market Value and Establishing Market Rent at Small Airports).

Education and Certifications

- Bethel College: Bachelor of Science – Business Administration
- Embry-Riddle Aeronautical University (ERAU): Master of Business Administration degree in Aviation with a concentration in Airport Management
- Commercial pilot with instrument and multi-engine ratings
- Certified Flight Instructor (CFI)
- American Association of Airport Executives: Certified Member (C.M.)
- National Air Transportation Association Safety 1st Program: Certified Ground Auditor

Background

- ERAU graduate assistant: research projects included an Aviation Forecast Study for San Diego International Airport, a Security Study for San Francisco International Airport, and a Customer Satisfaction Survey for Daytona Beach International Airport
- ERAU Internship: Completed an airport operations internship at Daytona Beach International Airport

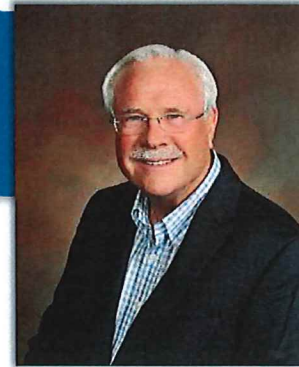
Airport Expertise

- Primary Management and Compliance Documents (*Rules and Regulations, Minimum Standards, Leasing/Rents and Fees Policy, Development Standards*)
- Grant Assurance Compliance
- Regulatory Compliance
- Airport Sponsor Assurance Compliance
- Strategic Business Planning/Plans
- Rent Studies
- Fee Analysis/Studies
- Appraisals (*Fee Simple, Leasehold Interest, Leased Fee*)
- Lease, Use, and Operating Agreements
- Market Assessments/Feasibility Studies
- Operational, Managerial, and Financial Assessments
- RFI/RFQ/RFP Development, Evaluation, Selection
- Valuation (*Business, Stock, Asset*)

Aviation Business Expertise

- Market Assessments/Feasibility Studies
- RFI/RFQ/RFP Response Development (Proposal)
- Valuation (*Business, Stock, Asset*)
- Appraisals (*Fee Simple, Leasehold Interest, Leased Fee*)
- Lease, Use, and Operating Agreements
- Operational, Managerial, and Financial Assessments
- Acquisition, Divestiture, and Due Diligence
- Strategic Business Planning/Plans

Robert D. Decker, MAI Appraiser



Experience

Robert has over **45 years** of commercial appraisal and consulting experience including variety of aviation assignments encompassing the valuation of airport land and building improvements (both leased fee estate and leasehold interest). Additionally, Robert has completed a number of rent studies involving airport (and aviation-related) properties. Robert has served as a key research team leader on ACRP Report 213 (Estimating Market Value and Establishing Market Rent at Small Airports).

Education and Certifications

- Colorado State University: Bachelor of Science degree in Business Administration
- Certified General Appraiser in the State of Colorado
- Appraisal Institute Courses:
 - Capitalization Theory and Techniques IA and IB
 - Case Studies in Real Estate Valuation II
 - Investment Analysis VI
 - Litigation Valuation
 - Standards of Professional Practice

Airport/FBO/General Aviation Expertise


- ➔ Appraisals
- ➔ Valuations
- ➔ Rent Studies

Non-Aviation (Commercial) Business Expertise

- ➔ Sale/Purchase
- ➔ Financing
- ➔ Estate Tax
- ➔ Strategic/Business Planning
- ➔ Condemnation
- ➔ Market Assessments
- ➔ Feasibility Study

F. Appraiser Temporary License

STATE OF MINNESOTA



Department of Commerce

ROBERT DAIL DECKER
 7800 S ELATI STREET
 STE. 108
 LITTLETON, CO 80120

The Undersigned **COMMISSIONER OF COMMERCE** for the State of Minnesota hereby certifies that

Robert Dail Decker

7800 S ELATI STREET
 STE. 108
 LITTLETON, CO 80120


has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Temporary Practice Appraiser : Certified General

License Number: 40768631

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until October 15, 2022.

IN TESTIMONY WHEREOF, I have hereunto set my hand this October 15, 2021.



COMMISSIONER OF COMMERCE
 Minnesota Department of Commerce
 Licensing Division
 85 7th Place East, Suite 500
 St. Paul, MN 55101-3165
 Telephone: (651) 539-1599
 Email: licensing.commerce@state.mn.us
 Website: commerce.state.mn.us

Notes:

- **Individual Licensees Only - Continuing Education:** 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.
- **Appraisers:** You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. **Trainees do not qualify.** For further details, please visit our website at commerce.state.mn.us.



DULUTH INTERNATIONAL AIRPORT

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MINUTES OF THE MEETING

DATE: February 15, 2022

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

DIRECTORS PRESENT: Craig Fellman
Kim Maki
Todd Fedora
Kevin O'Brien

DIRECTORS PARTICIPATING VIA ELECTRONICS MEANS:

Jeff Anderson

DIRECTORS ABSENT Elissa Hansen

OTHERS PRESENT: Tom Werner, Executive Director
Mary Ann Wittkop, Recording Secretary
Steve Hanke, Assistant City Attorney
Mark Papko, Director of Operations
Natalie Peterson, Director of Communications & Marketing
Jana Kayser, Business Development Manager
Joelle Bodin, Finance & Administration Director
Matt Snell, Public Safety Manager
Amanda McDonald, PT Airport Security Specialist
Shawn McMahon, SEH
Natalie White, SEH
Mike Magni, Monaco Air
Bill King, Cirrus Aircraft
Eric Monson, Lake Superior Helicopters

OTHERS PARTICIPATING VIA ELECTRONICS

MEANS: Kathy Leon, Confidential Bookkeeper
Don Monaco, Monaco Air
Scott Sannes, SEH

President Fellman welcomed everyone to the DAA February Board meeting and called it to order at 8:00 a.m. He performed roll call with Dir. O'Brien, Dir. Fedora, and Dir. Maki as present; Dir. Anderson participating virtually. He invited Mr. Tom Werner to update on the Executive Director's review:

- Air Service: Mr. Werner presented the airport air service update reviewing January total passengers, airline load factors, seats, national and local air services news and updates; met with Sun Country Airlines last week for a market update, questions followed.
- Planning, Operations, and Maintenance:
 - Planning & Construction: Mr. Mark Papko, Director of Operations, mentioned the AFTIL reimbursement agreement will be an action item under New Business, more details at that time.

- Operations, and Maintenance: Mr. Papko summarized on the FAA bipartisan infrastructure law funding; updating Capital Improvement Plan (CIP) for future board approval. Internship program – overviewed unique program, recently posted an opportunity for a new intern, and have hired past intern to a full time DAA position; questions followed. Janitorial RFP is another action item and will be updated under New Business.
- Sky Harbor – Ms. Kaci Nowicki, SEH, briefed on the building area master plan project progress – sent interpretation of guidance to Customs and Border Protection (CBP) for their feedback and input; spoke on next steps.
- Business/Property Development: Ms. Jana Kayser, Business Development Manager, updated on the Hangar 104 appraisal – have received the document from consulting group; plan to present staff decision moving forward to the board next month. Preparing a RFQ for airport consulting services to assist with negotiations and planning for new airline lease and use agreement.
- Financial Update: Ms. Joelle Bodin, Finance & Administration Director, will be on maternity leave from June through September. She explained planned revisions for the purchasing operating policy #18; reviewed the ARPA concessionaire relief and concessionaire audit schedule. She presented the fourth quarter financial presentation.
- Marketing/Communications: Ms. Natalie Peterson, Director of Communications and Marketing, spoke on the Duluth and St. Louis County at the Capitol Days scheduled for March 9th and 10th and reviewed the DAA marketing message. Detailed on the TSA pre-check, will be hosting this event the week of March 14th; questions followed.
- Presentations: Mr. Werner presented the Master Plan to the Duluth Chamber Let's Do Lunch and will be presenting to the Hermantown Chamber on February 24th.
- Other: Mr. Werner met with APEX, City of Duluth and Cirrus Aircraft to discuss their expansion plans; focusing on growth opportunities.

Pres. Fellman thanked everyone for their summary review; questions and discussion followed on several executive review items. Dir. Maki moved to approve the January 18, 2022 meeting minutes and consent items. Dir. O'Brien seconded. Roll call, Dir. Anderson, Dir. O'Brien, Dir. Fedora, Dir. Maki and Pres. Fellman all ayes, motion carried.

CONSENT ITEMS

Operating Cash Disbursement Sheets #2, #3, and #4, 2022. Construction Fund Disbursement Sheet #1, 2022, and Operating ACH Payment Register #2, #3 and #4, 2022.

Letter from Congressman Pete Stauber to U.S. Department of Transportation and the Federal Aviation Administration regarding the Infrastructure Investment and Jobs Act (IIJA) considerations to funding rules.

Airport news: The Dallas Morning News (TNS) "American Airlines Cuts Thousands of Flights in March as Pandemic Hopes Clash with Reality".

E-mail from Monaco Air Foundation with summary of January 2022 activities.

Duluth International Airport internship informational booklet.

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

Draft December 2021 financial report, January 2022 accounts receivables, and airport statistics.

OPPORTUNITY FOR PERSONS TO BE HEARD

None.

OLD BUSINESS

None.

NEW BUSINESS

Mr. Werner read an excerpt from an appreciative passenger regarding the first-rate customer service experience and recommended approval for the incentive award. Dir. O'Brien moved to approve the resolution for an employee incentive award for the above and beyond customer service to Natalie Peterson in the amount of \$400 pursuant to the Duluth Airport Authority's Operating Policy #5. Dir. Fedora seconded. Discussion followed. Roll call – all ayes. Motion carried.

Mr. Papko reviewed the state grant award for the air traffic tower siting study. Questions and discussion followed. Dir. Maki moved to approve the resolution to accept MnDOT grant award for the Air Traffic Control Tower (AFTIL) siting study between MnDOT and the Duluth Airport Authority. Dir. O'Brien seconded. Roll call – all ayes. Motion carried.

Mr. Papko briefed background information regarding Hangar 101 and spoke on the environmental process. He introduced Ms. Kaci Nowicki and Ms. Natalie White, SEH, for further comment. Ms. Nowicki overviewed background, steps taken, assessments, history research and final evaluations; spoke on long term potential use and NEPA process. Ms. White summarized and detailed on the environmental assessment process. Dir. Fedora moved to approve the resolution for Work Order 2022-2 between the Duluth Airport Authority and Short Elliot Hendrickson, Inc. (SEH, Inc.) for the Hangar 101 environmental assessment. Dir. O'Brien seconded. Roll call – Dir. Anderson abstained, Dir. O'Brien, Dir. Fedora, Dir. Maki, and Pres. Fellman ayes, motion carried.

Mr. Papko explained the Sky Harbor terminal building study. Dir. Maki moved to approve the resolution for Work Order 2022-1 between the Duluth Airport Authority and Short Elliot Hendrickson, Inc. (SEH, Inc.) for the terminal building assessment and feasibility study (DYT). Dir. Fedora seconded. Roll call – Dir. Anderson abstained, Dir. O'Brien, Dir. Fedora, Dir. Maki, and Pres. Fellman ayes, motion carried.

Mr. Papko spoke on the current environment for vehicle purchasing and reviewed planned fleet additions. Questions followed. Dir. O'Brien moved to approve the resolution for purchase of 2022 GMC 2500HD and 2022 GMC Yukon from Kolar Chevrolet/GMC. Dir. Maki seconded. Roll call – Dir. Fedora abstained, Dir. O'Brien, Dir. Anderson, Dir. Maki, and Pres. Fellman ayes, motion carried.

Mr. Papko summarized on the RFQ timeline and extensive process for the janitorial agreement; he recommended approval. Dir. Fedora moved to approve the resolution for the janitorial agreement between the Duluth Airport Authority and Kleen-Tech. Dir. O'Brien seconded. Roll call – all ayes. Motion carried.

Ms. Kayser reviewed the Hertz termination request and explained the write-off amount. Questions and discussion followed. Dir. Maki moved to approve the resolution for the termination of the vehicle rental lease and concession agreement between the Duluth Airport Authority and Overland West Inc. d.b.a. Hertz Rent-A-Car and write off of accounts receivable balance of \$10,306.61 per operating policy #23. Dir. O'Brien seconded. Roll call – all ayes. Motion carried.

Ms. Kayser explained the two amendment items regarding the operating agreement and recommended approval. Dir. O'Brien moved to approve the resolution for the operator agreement amendment #13 between the Duluth Airport Authority and Monaco Air Duluth, LLC. Dir. Fedora seconded. Roll call – all ayes. Motion carried.

Ms. Kayser overviewed the amendment for the finishing facility agreement. Dir. Maki moved to approve the resolution for the finishing facility ground lease agreement amendment #2 between the Duluth Airport Authority and Cirrus Design Corporation. Dir. O'Brien seconded. Roll call – all ayes. Motion carried.


Ms. Bodin reviewed the amendment to the employee contract to apply pay increases; questions followed. Dir. Fedora moved to approve the resolution for amendment #1 to the 2020-2022 agreement between the Duluth Airport Authority and Local 66 of A.F.S.C.M.E. Minnesota Council 5. Dir. O'Brien seconded. Roll call – all ayes. Motion carried.

Ms. Bodin spoke on the support agreement concerning the Denver air service initiative and recommended approval. Dir. Maki moved to approve the resolution for the 2022-2023 Denver air service grant funding agreement by and between the Duluth Airport Authority and City of Duluth. Dir. O'Brien seconded. Roll call – all ayes. Motion carried.

Dir. Maki moved to adjourn the meeting; Dir O'Brien seconded. President Fellman adjourned the February 15th DAA board meeting at 9:28 a.m.

Respectfully submitted,

Mary Ann Wittkop
Recording Secretary

APPROVED:  DATE: 7 MAR 22

**Duluth Airport Authority
DAA Operating Check Register #5-2022
February 11, 2022**

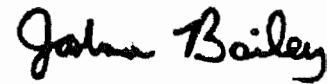
Document Number From 11054 To 11080

Document Number	Date	Transaction Type	Payee	Amount
11054	2/11/2022	BILLPMT	Benson Electric Company	\$157.50
11055	2/11/2022	BILLPMT	Blueglobes LLC	\$2,251.79
11056	2/11/2022	BILLPMT	Brock White Company LLC	\$800.00
11057	2/11/2022	BILLPMT	Century Link	\$144.00
11058	2/11/2022	CHK	Citi Cards	\$6,767.67
11059	2/11/2022	BILLPMT	City Of Duluth Comfort Systems	\$17,877.65
11060	2/11/2022	BILLPMT	Curtis Oil & Propane	\$428.85
11061	2/11/2022	BILLPMT	Dalco	\$101.50
11062	2/11/2022	BILLPMT	DSC Communications	\$40,620.00
11063	2/11/2022	BILLPMT	Duluth Area Chamber Of Commerce	\$105.00
11064	2/11/2022	BILLPMT	Engelmeier, Roger	\$199.99
11065	2/11/2022	BILLPMT	General Security Services Corporation	\$20,106.84
11066	2/11/2022	BILLPMT	Kaman Industrial Technologies	\$53.79
11067	2/11/2022	BILLPMT	Marsden Building Maintenance	\$16,389.36
11068	2/11/2022	BILLPMT	Menards - West Duluth	\$190.82
11069	2/11/2022	BILLPMT	Minnesota Power	\$38,580.71
11070	2/11/2022	BILLPMT	NAPA Auto Parts	\$42.97
11071	2/11/2022	BILLPMT	NetTel Communications	\$4,995.00
11072	2/11/2022	BILLPMT	Nextera Communications	\$1,255.47
11073	2/11/2022	BILLPMT	Northern Business Products, Inc.	\$87.23
11074	2/11/2022	BILLPMT	Pomp's Tire Service, Inc.	\$443.24
11075	2/11/2022	BILLPMT	Sherwin-Williams Co.	\$60.67
11076	2/11/2022	BILLPMT	Siemens Industry Inc.	\$1,892.00
11077	2/11/2022	BILLPMT	Snell, Matthew J	\$60.00
11078	2/11/2022	BILLPMT	Taylor, Dan	\$60.00
11079	2/11/2022	BILLPMT	Waste Management of WI-MN	\$5,441.56
11080	2/11/2022	BILLPMT	Ziegler, Inc.	\$4,188.93
Total				\$163,302.54



Airport Director

Airport Authority



City Treasury

**Duluth Airport Authority
DAA Operating Check Register #6-2022
February 18, 2022**

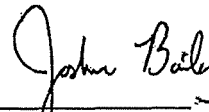
Document Number From 11081 To 11091

Document Number	Date	Transaction Type	Payee	Amount
11081	2/18/2022	BILLPMT	Apex	\$1,250.00
11082	2/18/2022	BILLPMT	AT&T Mobility	\$1,504.43
11083	2/18/2022	BILLPMT	Century Link	\$190.88
11084	2/18/2022	BILLPMT	City Of Duluth Comfort Systems	\$4,737.67
11085	2/18/2022	BILLPMT	IFIDS.com Inc.	\$6,255.14
11086	2/18/2022	BILLPMT	Landrum and Brown, Incorporated	\$2,000.00
11087	2/18/2022	BILLPMT	Mid-State Truck Service Inc.	\$15.90
11088	2/18/2022	BILLPMT	NAPA Auto Parts	\$21.76
11089	2/18/2022	BILLPMT	Oracle America, Inc.	\$653.40
11090	2/18/2022	BILLPMT	Quadient Leasing USA, Inc.	\$265.86
11091	2/18/2022	BILLPMT	Spectrum Business	\$142.45
Total				\$17,037.49



Airport Director

Airport Authority

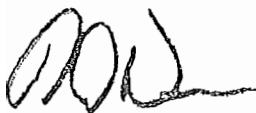


City Treasury

Duluth Airport Authority
DAA Operating ACH Payment Register #5-2022
February 11, 2022

Confirmation Number 0410337

Document Number	Date	Transaction Type	Payee	Amount
00000020/1	2/11/2022	BILLPMT	Arrowhead Tap House	\$2.28
00000020/10	2/11/2022	BILLPMT	Compudyne, Inc.	\$452.22
00000020/11	2/11/2022	BILLPMT	Doorco Inc.	\$196.25
00000020/12	2/11/2022	BILLPMT	Graves, John	\$60.00
00000020/13	2/11/2022	BILLPMT	Jamar Company	\$34.55
00000020/14	2/11/2022	BILLPMT	Jamar Company	\$7,675.00
00000020/15	2/11/2022	BILLPMT	Jamar Company	\$2,400.00
00000020/16	2/11/2022	BILLPMT	Kayser, Jana	\$60.00
00000020/17	2/11/2022	BILLPMT	Leon, Kathy	\$60.00
00000020/18	2/11/2022	BILLPMT	Menards - Hermantown	\$78.75
00000020/19	2/11/2022	BILLPMT	Menards - Hermantown	\$470.85
00000020/2	2/11/2022	BILLPMT	Arrowhead Tap House	\$10.99
00000020/20	2/11/2022	BILLPMT	Menards - Hermantown	\$134.53
00000020/21	2/11/2022	BILLPMT	Menards - Hermantown	\$16.99
00000020/22	2/11/2022	BILLPMT	Menards - Hermantown	\$88.62
00000020/23	2/11/2022	BILLPMT	Menards - Hermantown	\$12.64
00000020/24	2/11/2022	BILLPMT	Menards - Hermantown	\$388.96
00000020/25	2/11/2022	BILLPMT	Papko, Mark	\$60.00
00000020/26	2/11/2022	BILLPMT	Papko, Mark	\$324.05
00000020/27	2/11/2022	BILLPMT	Paul Bunyan Communications	\$1,160.00
00000020/28	2/11/2022	BILLPMT	Peterson, Natalie	\$60.00
00000020/29	2/11/2022	BILLPMT	Peterson, Natalie	\$52.13
00000020/3	2/11/2022	BILLPMT	Bodin, Joelle	\$60.00
00000020/30	2/11/2022	BILLPMT	Sinnott, Paul	\$60.00
00000020/31	2/11/2022	BILLPMT	Timm, Kenneth	\$60.00
00000020/32	2/11/2022	BILLPMT	Welch, Ryan	\$60.00
00000020/33	2/11/2022	BILLPMT	Werner, Thomas	\$60.00
00000020/34	2/11/2022	BILLPMT	Wittkop, Mary Ann	\$60.00
00000020/4	2/11/2022	BILLPMT	Border States	\$715.26
00000020/5	2/11/2022	BILLPMT	Caywood Oil, LLC	\$463.46
00000020/6	2/11/2022	BILLPMT	Caywood Oil, LLC	\$531.84
00000020/7	2/11/2022	BILLPMT	Citon	\$464.90
00000020/8	2/11/2022	BILLPMT	Citon	\$279.00
00000020/9	2/11/2022	BILLPMT	Como Lube & Supplies	\$165.00
Total				\$16,778.27



Airport Director

Airport Authority



City Treasury

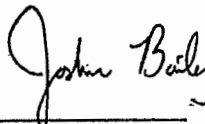
Duluth Airport Authority
DAA Operating ACH Payment Register #6-2022
February 18, 2022

Confirmation Number 0480383

Document Number	Date	Transaction Type	Payee	Amount
00000021/1	2/18/2022	BILLPMT	Acme Tools	\$129.00
00000021/10	2/18/2022	BILLPMT	Menards - Hermantown	\$161.65
00000021/11	2/18/2022	BILLPMT	Menards - Hermantown	\$95.61
00000021/2	2/18/2022	BILLPMT	Acme Tools	\$87.98
00000021/3	2/18/2022	BILLPMT	Batteries Plus	\$557.96
00000021/4	2/18/2022	BILLPMT	Citon	\$6,695.00
00000021/5	2/18/2022	BILLPMT	Citon	\$669.98
00000021/6	2/18/2022	BILLPMT	Citon	\$607.70
00000021/7	2/18/2022	BILLPMT	Citon	\$650.40
00000021/8	2/18/2022	BILLPMT	Como Lube & Supplies	\$75.00
00000021/9	2/18/2022	BILLPMT	Inter City Oil (ICO)	\$24,186.14
Total				\$33,916.42


Airport Director

Airport Authority


City Treasury

Duluth Airport Authority
DAA Operating ACH Payment Register #7-2022
March 3, 2022

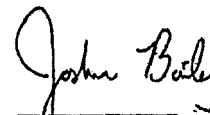
Confirmation Number 0620324

Document Number	Date	Transaction Type	Payee	Amount
00000022/1	3/3/2022	BILLPMT	AMCG Aviation Management Consulting Group	\$725.00
00000022/10	3/3/2022	BILLPMT	Inter City Oil (ICO)	\$104.40
00000022/11	3/3/2022	BILLPMT	Johnson Controls	\$7,684.19
00000022/12	3/3/2022	BILLPMT	Menards - Hermantown	\$20.94
00000022/13	3/3/2022	BILLPMT	Menards - Hermantown	\$11.17
00000022/14	3/3/2022	BILLPMT	Metro Sales, Inc.	\$302.16
00000022/15	3/3/2022	BILLPMT	Northern Engine & Supply	\$343.94
00000022/16	3/3/2022	BILLPMT	Unified Supply and Services Company	\$620.89
00000022/2	3/3/2022	BILLPMT	Batteries Plus	\$30.59
00000022/3	3/3/2022	BILLPMT	Batteries Plus	\$217.52
00000022/4	3/3/2022	BILLPMT	Border States	\$63.00
00000022/5	3/3/2022	BILLPMT	Citon	\$607.70
00000022/6	3/3/2022	BILLPMT	Citon	\$6,695.00
00000022/7	3/3/2022	BILLPMT	Citon	\$669.98
00000022/8	3/3/2022	BILLPMT	Guardian Pest Solutions	\$192.78
00000022/9	3/3/2022	BILLPMT	Innovational Water Solutions, Inc.	\$148.00
Total				\$18,437.26



Airport Director

Airport Authority



City Treasury


Duluth Airport Authority
DAA Construction Check Register #2-2022
February 28, 2022

Document Number From 11092 To 11095

Document Number	Date	Transaction Type	Payee	Amount
11092	2/28/2022	BILLPMT	1 MediaUSA Adverising Inc	\$500.00
11093	2/28/2022	BILLPMT	1 Short Elliott Hendrickson	\$78,385.00
11094	2/28/2022	BILLPMT	1 Short Elliott Hendrickson	\$164,275.00
11095	2/28/2022	BILLPMT	1 Swim Creative	\$1,336.47
Total				<u>\$244,496.47</u>



Airport Director



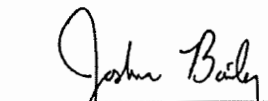
City Treasury

Duluth Airport Authority
DAA Construction ACH Pay.gov Register #1-2022
February 8, 2022

Document	Date	Transaction Type	Payee	Amount
ACH	2/8/2022	Pay.gov	Federal Aviation Administration	\$569,849.04
Total				<u>\$569,849.04</u>



Airport Director



City Treasury



FOR IMMEDIATE RELEASE:
February 18, 2022

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

DULUTH INTERNATIONAL AIRPORT TO HOST PRECHECK POP-UP EVENT

Duluth, MN — Duluth International Airport invites passengers to enroll in the popular TSA PreCheck® expedited screening program from March 14-18, 2022.

Event: Duluth International Airport TSA PreCheck Local Enrollment Event
Dates: Monday, March 14th – Friday, March 18th, 9:00 AM – 12:00 PM, 1:00 PM – 5:00 PM.
Location: Duluth International Airport, Second Floor Conference Room #250

TSA PreCheck is an expedited screening program that enables identified low-risk air travelers to enjoy a smart and more efficient screening experience. For TSA PreCheck travelers, there is no need to remove shoes, 3-1-1 liquids, laptops, light outerwear or belts. Today, TSA PreCheck has more than 450 lanes at 200+ U.S. airports.

To participate in this local enrollment event, follow these steps to pre-enroll

1. Go to www.IdentoGo.com/precheck to access the application page
2. Click "Start Application Now", then click "New Enrollment"
3. Fill out Steps and choose "Next" at the bottom of each screen
4. Type in your location at Zip code/City/Airport Code box – search
5. Choose location "Pop Up: DLH, 3/14-3/18" and click "Next"
6. Select your desired appointment time (Please be sure to make note of your appointment time, no reminders will be sent out)

IMPORTANT! To complete the application process, you will need to bring proof of identity and U.S. citizen documentation (such as a U.S. Passport or a birth certificate and a driver's license). If you have a valid U.S. passport, that is all you

need for ID! Visit the [Universal Enroll website](#) to determine which documents to bring along based on citizenship status.

The application process is completed on site where we capture fingerprints for a background check and collect the \$85 application for five years of service. The fee can be paid by credit card, money order, company check, or certified/cashier's check. Cash and personal checks are not accepted.

Enroll in TSA PreCheck™ today and begin to enjoy the expedited security-screening program that helps take the stress out of travel. Visit www.tsa.gov/precheck to learn more.

About Duluth International Airport

The state-of-the-art passenger terminal at the Duluth International Airport opened for business on January 14, 2013. Currently, United Airlines offers daily nonstop flights to Chicago and Delta offers daily nonstop flights to Minneapolis/St. Paul. Effective December 17th Sun Country began twice weekly seasonal service with direct flights to Ft. Myers and Phoenix. Flights operate through April 25th. We are committed to providing our customers with superior services in a safe, secure and professional environment. Be sure to visit our Club DLH Business Suite, designed with the working traveler in mind. Visit duluthairport.com, follow us on Twitter @DuluthAirport, and like us on [facebook.com/duluthairport](https://www.facebook.com/duluthairport).

Biden arrives in Duluth aboard Air Force One

The president was met by the Minnesota and Wisconsin governors and Duluth and Superior mayors ahead of a speech at the University of Wisconsin-Superior.



President Joe Biden and first lady Jill Biden deplane from Air Force One in Duluth on March 2, 2022. Clint Austin / Duluth News Tribune

By Duluth News Tribune
March 02, 2022 02:08 PM

SUPERIOR — President Joe Biden touched down at the Duluth International Airport at 12:10 p.m. Wednesday, two hours before a scheduled speech at the University of Wisconsin-Superior. Biden was greeted on the tarmac by several dignitaries, including Minnesota Gov. Tim Walz, Wisconsin Gov. Tony Evers, Duluth Mayor Emily Larson and Superior Mayor Jim Paine.

A blistering wind made for a real-feel temperature of just 11 degrees as the president and First Lady Jill Biden descended the stairs at 12:32 p.m. They were accompanied on Air Force One by Democratic Sens. Amy Klobuchar and Tina Smith of Minnesota and Tammy Baldwin of Wisconsin. Rep. Ron Kind, D-Wis., and Rep. Mark Pocan, D-Wis., and White House infrastructure czar Mitch Landrieu were also on the flight, according to a tweet from Politico White House reporter Christopher Cadelago.

The Bidens shook hands and exchanged hugs with the local and state officials and their spouses for several minutes before boarding the heavily armored limousine often nicknamed "The Beast." A motorcade of roughly 30 vehicles began pulling away from the airport at 12:38 p.m. Road closures were expected along the route to Superior; the Blatnik Bridge had been shut down well in advance of the president arriving. The motorcade was seen crossing into Superior around 1 p.m.



Air Force One taxis on the runway after landing at in Duluth on March 2, 2022.

Mary Ann Wittkop

From: Don Monaco <donm@monacoairduluth.com>
Sent: Tuesday, March 1, 2022 9:43 AM
To: Tom Werner; craig.fellman
Cc: 'Dave Gaddie (dgaddie@bell.bank)'; 'Greg Fox (gregandsheilafox@hotmail.com)'; 'Bill King (skykingpilot@gmail.com)'; Michael A. Magni; 'Pat Mullen (runtrailfree@gmail.com)'; 'Richard Stewart (RStewart@uwsuper.edu)'; todd.fedora; 'Steve Overom (soverom@overomlaw.com)'; Mary Ann Wittkop
Subject: February, 2022 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 February, 2022 Activities

Airport Tour Program: The Foundation will offer Duluth International Airport tours to groups of high school students and to other groups upon request. We have received recent requests for tours, but tours will not resume until businesses allow visitors at their facilities.

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
www.monacoairduluth.com

VII A



DULUTH INTERNATIONAL AIRPORT

Closer to everywhere.

February 8, 2022

MEMORANDUM FOR RECORD

RE: Employee Incentive Recommendation

In accordance with Duluth Airport Authority's (DAA) Operating Policy 5 (OP 5), I recommend \$600 incentive awards for Amanda McDonald, Dan Taylor and Matt Johnson. All three employees have gone 'Above and Beyond' the call of their specific job descriptions and deserve recognition for living our organization's values. Additional detail is provided by below.

Amanda McDonald – Amanda joined the Duluth Airport Authority (DAA) team in May of 2021 as our first Intern under our new program. During her time here as an intern, not only did she absorb information from every department but also did it with a smile on her face. At the conclusion of her internship, Amanda was approached by the DAA about filling an immediate need in the airport badging office. Having only spent two weeks in the security/badging role during her internship, Amanda accepted the six-month temporary position and never looked back.

Since filling her role as a temporary airport security specialist, Amanda has conducted several airport-wide badging audits, cleaning, and reorganizing a decades old system. Amanda has transitioned many processes that were time consuming to virtual platforms that automated a historically slow process. Finally, Amanda has continued to be a chameleon for the organization. As the end of her temporary positions came near, Amanda was willing to accept two part-time roles: one as an airport security specialist, and the other as an airport bookkeeper in the Finance Department. We are excited to keep Amanda on with the DAA full-time and look forward to her growth within the organization!

Dan Taylor and Matt Johnson - Dan and Matt are critical members of our Fleet Maintenance Department. They are being recognized for their ongoing willingness to solve problems with innovative thinking while developing new tools/processes. Dan and Matt have skillfully found alternative ways to craft, build, or repair pieces of equipment and machinery that would otherwise be costly to the organization.

The latest example of this ingenuity saw Dan and Matt take raw iron materials and fabricate the appropriate replacement parts to fit our airport runway snowblower. This repair was done because the **only** alternative solution proposed by the vehicle manufacture was to replace that piece of equipment in its entirety.

The raw material cost to repair this piece of equipment was 1/20th the cost to replace a critically functioning piece of equipment. Dan and Matt's actions saved the organizations tens of thousands of dollars and decreased the downtime of that piece of equipment by months.



DULUTH INTERNATIONAL AIRPORT

Closer to everywhere.

It is without question that Amanda, Dan, and Matt have demonstrated commitment to finding efficiency and making the DAA stronger. Please refer questions regarding this recommendation to the undersigned.

Sincerely,

**Tom
Werner**

Digitally signed by
Tom Werner
Date: 2022.02.15
16:36:50 -06'00'

Tom Werner, C.M.

Executive Director

Duluth Airport Authority

VII B

Duluth Airport Authority
Short Elliott Hendrickson Inc. (SEH) Work Order 2022-3 for Runway 3-21
Lighting and Signage Replacement - Construction Administration Services
Project at the Duluth International Airport

Terms:

- Estimated start date of March 15, 2022
- Estimated end date of July 31, 2023

Agreement Overview:

This work order includes construction administration engineering services for the Runway 3-21 Lighting and Signage Replacement Project the Duluth International Airport (DLH).

This scope of engineering services includes construction administration, observation, and project closeout services, as well as public outreach and project management. Construction is anticipated to take place in the summer of 2022, with a total working time of approximately 37 working days associated with the two different phases of work. Preparatory work prior to the project initiation and clean up and restoration work following substantial completion are expected to take one week for each.

The contract provisions included in the Master Agreement (dated 1-21-2020) between the DAA and SEH remain in effect for this work order.

Background:

This project consists construction project management and inspection relating to the removal and replacement of airfield lighting and signage on Runway 3-21, including Light Emitting Diode (LED) medium intensity runway edge lights (MIRL), LED medium intensity threshold lights, LED runway distance remaining (RDR) signs, LED hold short signs at entrances to Runway 3-21, Runway End Identifier Lights (REILs), airfield light and sign cable, counterpoise, duct, handholes, directional boring, removals, regulators, vault work, airport safety control, erosion control and turf restoration.

The improvements are funded with FAA and MnDOT grants for a total of 95 percent of the project..

**WORK ORDER
No. 2022-3
Between**

The Duluth Airport Authority (DAA) (Owner) and
Short Elliott Hendrickson Inc. (SEH) (Consultant)

Dated: March 15, 2022

**RUNWAY 3/21 LIGHTING REPLACEMENT (CONSTRUCTION ADMINISTRATION, OBSERVATION,
AND CLOSEOUT)
DULUTH INTERNATIONAL AIRPORT (DLH)**

This work order includes Construction Administration, Observation, and Closeout of the Runway 3/21 Lighting Replacement project at the Duluth International Airport (DLH). The contract provisions included in the Master Agreement (dated 5-19-2020) between the DAA and SEH remain in effect for this work order.

Estimated start date is March 15, 2022; estimated end date is July 31, 2023.

Compensation by the Owner to the Consultant shall be a lump sum amount of \$198,000.00.

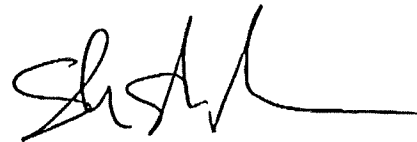
Descriptions of the services to be provided are included in Attachment A. Detailed estimate of labor cost and expenses are included in Attachment B.

Point of Contact: Shawn McMahon, PE, Principal

APPROVED:

Duluth Airport Authority (DAA)

Short Elliott Hendrickson Inc.



Title: _____

Title: Principal _____

Date: _____

Date: March 15, 2022 _____

Title: _____

Date: _____

ATTACHMENT A
Duluth International Airport (DLH)
Runway 3-21 Lighting and Signage Replacement
Scope of Work
(Construction Administration, Observation and Closeout)

Project Description – This project consists of removal and replacement of airfield lighting and signage on Runway 3-21, including Light Emitting Diode (LED) medium intensity runway edge lights (MIRL), LED medium intensity threshold lights, LED runway distance remaining (RDR) signs, LED hold short signs at entrances to Runway 3-21, Runway End Identifier Lights (REILs), airfield light and sign cable, counterpoise, duct, handholes, directional boring, removals, regulators, vault work, airport safety control, erosion control and turf restoration.

Final design, plans and specifications development, and bidding service are currently nearing completion. The final scope of work for construction includes the following:

1. Removal and replacement of Runway 3-21 edge lights, threshold lights, and REILs, including cables, counterpoise, ducts, handholes.
2. Removal and replacement of Runway 3-21 Hold Short signs, and runway distance remaining (RDR) signs, including sign bases, cables, counterpoise, ducts, handholes.
3. Removal and replacement of vault constant current regulator
4. Coordination with FAA engineering services
5. Other miscellaneous and related work

The project will be completed in two phases, as depicted on the project sheets and described below:

Phase A: Remove and replace Runway 3-21 lights and signs at north and south ends outside of Runway 9/27 safety area. Runway 3-21 will be closed for 30 calendar days for Phase A. This phase will occur concurrently with the Taxiway A Reconstruction (Phase 1) project closure of Runway 3-21. Pull wiring for homerun connection to vault.

Phase B: Remove and replace Runway 3-21 lights and signs in the intersection of Runway 9-27 and Runway 3-21. The airport will be closed to fixed-wing aircraft between approximately 11 PM – 6:00 AM during Phase B, and this phase can occur concurrently with Phase A. Phase B is anticipated to take approximately 7 calendar days.

This scope of engineering services includes construction administration, observation, and project closeout services, as well as public outreach and project management. Construction is anticipated to take place in the summer of 2022, with a total working time of approximately 37 working days associated with the two different phases of work. Preparatory work prior to the project initiation and clean up and restoration work following substantial completion are expected to take one week for each.

This work will be performed under a Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant in accordance with Advisory Circular (AC) 150/5100-14, "Architectural, Engineering and Planning Consulting Services for Airport Grant Projects."

Project Deliverables – The project deliverables of this scope include the following:

1. Construction Administration Services
2. Construction Observation
3. FAA Reporting and Project Closeout
4. Public Outreach and Project Management

This work scope includes:

Work Element 1: Construction Administration Services

Specific tasks included with this work element include:

Task 1.1 – Scope Development – SEH will develop the project scope to ensure that necessary aspects of the project are included. Scope development includes coordination with the Sponsor and FAA for scope review, preparation of the final scope, fee proposal development, and contract negotiations. As part of the scope development, SEH will coordinate and obtain scope and fee estimates for subconsultant work including quality assurance testing and electrical engineering services.

Task 1.2 – Project Administration Services – Office engineering staff, CAD personnel, and administrative staff will assist the construction project team as necessary during construction in response to requests for information, plan or specification clarifications, change orders and other issues that may arise. Other administrative tasks include project set up and invoicing, internal meetings, progress reports, subconsultant coordination and contract management.

Task 1.3 – Preparation of Project Files – SEH will develop construction contracts, review Contractor bonding information, and ensure that Sponsor insurance requirements have been met. SEH will coordinate routing and signature of the construction contracts by the Duluth Airport Authority and the Contractor. Plans, contract documents, and technical specifications will be updated to include all addenda items issued during bidding. SEH will ensure that the Contractor is supplied with adequate copies of the construction plans and project manual.

Task 1.5 – Establish Survey Control – SEH will establish the necessary horizontal and vertical control for construction staking for the project. (The Contractor is required to provide the construction staking.)

Task 1.4 – Pre-Construction Activities – One (1) preconstruction meeting will be held prior to the start of construction.

The purpose of the pre-construction meeting is to outline and discuss project requirements, administration procedures, airfield closure procedures, runway closure requirements, schedules, project responsibilities and communication, Disadvantaged Business Enterprise (DBE) reporting, Contractor submittals, and other related MnDOT and FAA requirements, as necessary.

SEH will administer the pre-construction meeting, develop the agenda, issue notifications, and record and distribute meeting minutes. Attendees will include the Sponsor, FAA, MnDOT, Contractor, Subcontractors, SEH (Project Manager, Professional Engineer, and RPRs), and subconsultants (electrical engineer).

Task 1.7 – Permit Coordination – SEH will coordinate and review all applicable permits related to the project construction. This includes, at a minimum, the MPCA General Stormwater Permit for Construction Activity.

Task 1.8 – Submittal and Shop Drawing Review – SEH will review product and material data, shop drawings, concrete material testing and concrete mix design, bituminous material testing and bituminous mix design, material samples, and other items required to be submitted by the Contractor.

Task 1.9 – Progress Meetings – Construction Progress Meetings will be held once a week while construction work is being performed on the airfield. The progress meetings will be attended by SEH staff, including the Project Manager, Professional Engineer, Resident Project Representative(s) (RPR) and other staff as needed or required. It is anticipated that eight (8) one-hour long progress meetings will occur during construction activities, preparatory and closeout work.

Task 1.10 – Review of Quality Control Testing – All quality control test results performed by the Contractor will be monitored on a daily basis and summarized by SEH. In the event of a failed test result, the Contractor will be required to take corrective action and a retest will be taken until passing results are achieved. SEH will review all quality control testing performed by the Contractor for compliance with the specifications. Should any additional testing need to be accomplished, this will be coordinated with the Contractor who will be responsible for completion.

Task 1.11 – Review of Contractor Payroll Forms – SEH will review weekly payroll reporting by the Contractor to ensure that wage rates comply with the requirements of the federal and state wage rates for the work being performed. The RPR will conduct compliance monitoring of the Contractor's Davis-Bacon Act and DBE contractual obligations, including recording the Contractor/subcontractor employees, type of work being completed, and conducting random interviews.

Task 1.12 – Calculate Construction Quantities – SEH will review quantities with the Contractor on a weekly basis. Any discrepancies or disagreements regarding completed quantities will be resolved in advance of any partial pay application process. Periodic cost estimates will be developed by SEH to ensure compliance with the overall project budget.

Task 1.13 – Pay Applications – SEH will prepare partial pay applications once each month during construction, a final pay application including final agreed upon quantities for all work components, and a pay application releasing retainage to the Contractor once all closeout requirements have been met. Actual completed quantities will be tabulated for use in preparing all pay applications.

Task 1.14 – Daily Reports – SEH will maintain a daily log of the construction activities and maintain construction photos for record keeping purposes.

Task 1.15 – Weekly Reports – SEH will prepare a weekly status report using the FAA's standard form. The report will be developed by the RPR, reviewed by

the Project Manager, and submitted to the Sponsor, FAA, and MnDOT via electronic submittal (PDF).

Task 1.16 – Change Orders / Supplemental Agreements – SEH shall review and provide recommendations to the Sponsor of proposed changes to the contract documents, technical specifications, and plans. As necessary, SEH will issue supplemental details, design data, drawings, and modifications to the Contractor for change order pricing. The Project Manager will prepare change orders/supplemental agreements. All Change Orders and Supplemental Agreements require FAA approval prior to being issued. In the case where new materials may be required in addition to those in the bid documents, new bid items will be added to the project and a Request for Pricing from the Contractor will be proposed.

Task 1.17 – Final Inspection and Punchlist – SEH will conduct a final inspection after completion of the project. SEH will issue notifications and prepare a punchlist of any outstanding items requiring correction. A tracking document will be prepared and progress on the punchlist items will be recorded until all issues are resolved.

Task 1.18 – Record Drawings – SEH will utilize Contractor and engineering drawings during construction to complete record drawings for the project. The record drawings will incorporate any modifications or additions/subtractions that occurred during construction. Three (3) final plan sets will be plotted and distributed to the Duluth Airport Authority for records. Electronic (PDF) copies of the record drawings will be provided to the DAA, MnDOT and FAA.

Task 1.19 – Final Engineering Report – SEH will prepare a final engineering report which will include a project narrative, testing summaries, change orders showing any modifications that may have occurred during construction, all project cost information, including administrative expenses, engineering fees, and construction costs, and any other required project data.

Task 1.20 – Warranty Inspection Site Visit – SEH will complete a warranty inspection site visit prior to the expiration of the warranty period to identify and document any issues to be resolved by the Contractor as part of the warranty guarantee.

Work Element 2: Construction Observation

Construction is expected to occur during the hours detailed in the phasing plan. To accommodate the scope of the work and the project schedule, construction observation services include providing one RPR to cover the duration of working hours each day, supplemented by assistance from the Project Manager, for 37 working days of the project. It is anticipated to take 6, six-day work weeks. Additionally, one RPR will be on site on a full-time basis for 8 hours a day for one 5-day work weeks before and after construction for preparatory and final cleanup work (10 days total). It is anticipated that the Project Manager will provide periodic construction observation during critical elements of the work, as required (10 hours/month is estimated).

Task 2.1 – Construction Observation – SEH will provide daily construction observation for the duration of construction. This project is projected to occur for 37 working days during the summer of 2022. RPRs, according to the schedule above, will be available to assist in ensuring that construction is

performed in accordance with contract documents during this time. The RPRs will document and record construction progress through a daily journal. A collective weekly progress report will be developed at the end of the week and submitted to the Sponsor, FAA, MnDOT, and other individuals/organizations as needed. During critical elements of construction, part-time construction observation will be performed by the Project Manager.

Construction observation will be required for approximately one week before the project for mobilization activities in preparation for the project. Following substantial completion, additional observation is anticipated to complete the remaining work items, such as restoration and haul road repair. It is anticipated that one RPR will cover pre- and post-construction contractor activities, for approximately one week each.

Further duties of the on-site engineering staff include monitoring the Contractor's schedule, safety plan implementation, security plan compliance, general communication, adherence to technical specifications, and project drawing execution.

Task 2.2 – Construction Coordination – The Project Manager will make up to four site visits to the project to assist the onsite engineering staff, review construction activities, and coordinate updates with the Sponsor.

Task 2.3 – ALCMS Reprogramming – SEH will coordinate with DAA staff and the airfield lighting vault Airfield Lighting Control and Monitoring System (ALCMS) vendor to make updates to this software per the revised layout of the lighting, signs, and circuitry in the airfield lighting vault.

Work Element 3: FAA Reporting and Project Closeout

Task 3.1 – FAA Quarterly Reports - SEH will complete the required FAA quarterly reports starting with grant acceptance through grant closeout.

Task 3.2 – FAA Closeout Report – SEH will complete the required FAA closeout report following completion of the project to reconcile all project related costs and closeout the FAA grant for the work. The closeout effort is limited to the DLH Runway 3-21 Lighting and Signage Replacement project.

Task 3.3 – Project Closeout – SEH will work with the Contractor to ensure that all necessary closeout documents are submitted by the Contractor. These include, but are not limited to, IC-134 documentation, lien waivers, wage rate compliance, and other documentation as identified in the specifications.

Task 3.4 – Disadvantaged Business Enterprise (DBE) Requirements – SEH will review and submit the required documentation to confirm the Contractor's compliance with the DBE program and goals for this project or provide evidence of "good faith efforts" to meet DBE requirements. Additionally, this task includes creating the establishing the project DBE goal and submitting an achievement report to the FAA Civil Rights website at the conclusion of the project.

Work Element 4: Public Outreach and Project Management – This task includes the public outreach and the overall project management of Work Elements 1 through 3 noted above. Project Management includes administration of the project, agency and

Sponsor meetings, airfield user and tenant outreach meetings, and related project administration tasks.

- Task 4.1 – Duluth Airport Authority Board Meetings** –This task includes attendance at monthly DAA Board meetings to provide project updates to the DAA Board. The project will require updates at two (2) meetings.
- Task 4.2 – Public Outreach Plan** – SEH will develop a detailed public outreach plan which will identify tenants and users, method of outreach (single meetings, regular meetings, email updates or newsletter), personnel in attendance and information to be shared.
- Task 4.3 – DAA Tenant and User Newsletter** – SEH will develop a weekly newsletter to provide updates on construction activities and identify impacts to airport operations. SEH will assist the sponsor with newsletter distribution.
- Task 4.4 – FAA and MnDOT Coordination** – This task includes project and schedule coordination with regulatory stakeholders, including FAA and MnDOT Aeronautics. This coordination will allow for addressing FAA safety concerns from the ADO office, Local Tech Ops, Part 139, and region. SEH will coordinate with MnDOT to verify the Airport license requirements are met.
- Task 4.5 – Reimbursable Agreement Coordination** – DAA will be completing a reimbursable agreement as part of this project. This reimbursable agreement will be to coordinate work with the FAA to flight check the Runway End Identifier Lights (REILs).
- Task 4.6 – Overall Project Management** –This task includes project coordination and administration, including Sponsor and agency communication, internal meetings, subconsultant oversight, progress reports, budget updates and monthly invoices.

Duluth International Airport

Runway 3-21 Electrical – Electrical Construction Administration Services

Scope of Work

Anticipated Elements of Work for the Electrical Construction Administration Scope.

1. The Consultant will attend and participate in pre-construction meeting.
-1 Engineer, 1-hour.
2. Consultant will conduct three site visits during construction.
-1 Engineer, 3-day trips.
3. The Attend and participate in final inspection.
-1 Engineer, one day trip.
4. Review and Evaluate Contractor Submittals and Shop Drawings. The Consultant will log, track, review and respond to the Contractor's shop drawings, samples and submittals. The Consultant's review of all shop drawings, samples and submittals will be for general conformance with the design concept and general compliance with the requirements of the drawings and project manual. Such review will not relieve the Contractor from its responsibility for performance in accordance with the construction documents, nor is such review a guarantee that the work and materials covered by the shop drawings, samples and submittals are free of errors, inconsistencies or omissions.
5. Review and Respond to Contractor RFI's. The Consultant will review the Contractor's requests for information or clarification of the construction contract. The RFI's will be logged, tracked and coordinated with SEH as necessary. A total of 8 RFIs have been assumed for budgeting purposes. An excessive amount of requests by the Contractor may be cause for additional compensation.
6. An Electrical Engineer to Attend/Call-in to construction coordination teleconferences. Assume 8 1-hour teleconferences with one engineer.
7. Prepare Record Drawings. The Consultant will revise the original design drawings to reflect available record information provided by the Contractor for the final record drawings.
8. Schedule. The timing of these services will be coordinated with the contractor's construction progress schedule and SEH. Construction is not anticipated to begin until Spring of 2022.
9. Cost of Services. The attached fee proposal details the man-hours for the various elements of work to be undertaken as part of the project. Burns & McDonnell will bill SEH monthly for services provided.
10. Project management is included in this proposal.

ATTACHMENT B
ESTIMATED FEES AND EXPENSES
RUNWAY 3-21 LIGHTING AND SIGNAGE REPLACEMENT
CONSTRUCTION ADMINISTRATION, OBSERVATION, AND CLOSEOUT
DULUTH INTERNATIONAL AIRPORT (DLH)
Duluth Airport Authority
Duluth, MN

Task No.	Task Description	Principal	Project Manager	Professional Engineer	Project Engineer (RPR#1)	Senior CAD Technician	Survey Crew Chief	Instrument Operator	Sr. Aviation Planner	Admin Technician
Construction Administration Services										
1.1	Scope Development	8	8	0	0	0	0	0	8	0
1.2	Project Administration Services	0	16	8	0	0	0	0	0	4
1.3	Preparation of Project Files	0	4	4	0	4	0	0	0	8
1.4	Establish Survey Control	0	0	2	2	0	8	8	0	0
1.5	Pre-Construction Activities (Preparation and Follow-up)	0	8	8	8	0	0	0	0	0
1.6	Permit Coordination	0	4	4	0	0	0	0	0	0
1.7	Submittal and Shop Drawing Review	0	4	8	0	0	0	0	0	0
1.8	Progress Meetings	8	16	8	0	0	0	0	0	0
1.9	Review of Quality Control Testing	0	0	4	4	0	0	0	0	0
1.10	Review of Contractor Payroll Forms	0	8	0	8	0	0	0	0	0
1.11	Calculate Construction Quantities	0	2	8	8	0	0	0	0	0
1.12	Pay Applications	2	16	4	4	0	0	0	0	0
1.13	Daily Reports	0	8	0	8	0	0	0	0	0
1.14	Weekly Reports	0	8	0	8	0	0	0	0	0
1.15	Change Orders / Supplemental Agreements	0	4	4	8	0	0	0	0	0
1.16	Final Inspection and Punchlist	0	16	16	0	0	0	0	0	0
1.17	Record Drawings	0	2	4	4	12	0	0	0	0
1.18	Final Engineering Report	0	4	8	8	0	0	0	0	0
1.19	Warranty Inspection Site Visit	2	8	0	8	0	0	0	0	0
Construction Observation										
2.1	Construction Observation	0	15	8	336	0	0	0	0	0
2.2	Construction Coordination	0	20	20	0	0	0	0	0	0
2.3	ALCMS Reprogramming	0	4	8	8	0	0	0	0	0
FAA Reporting and Project Closeout										
3.1	FAA Quarterly Reports	0	0	0	4	0	0	0	0	0
3.2	FAA Closeout Report	0	4	0	16	0	0	0	0	16
3.3	Project Closeout	0	4	0	16	0	0	0	0	0
3.4	DBE Requirements	0	2	8	0	0	0	0	0	2
Public Outreach and Project Management										
4.1	Duluth Airport Authority Board Meetings	2	2	4	0	0	0	0	2	0
4.2	Public Outreach Plan	8	8	0	0	0	0	0	8	0
4.3	DAA Tenant and User Newsletter	2	8	0	12	0	0	0	4	0
4.4	FAA and MnDOT Coordination	0	6	6	6	0	0	0	6	0
4.5	Reimbursable Agreement Coordinator	2	12	12	4	0	0	0	12	0
4.5	Overall Project Management	4	20	0	0	0	0	0	0	0
Total hours per labor category		38	241	156	480	16	8	8	40	30

ESTIMATE OF LABOR COSTS:

Labor Category	Hours	Rate	Extension
Principal	38	\$81.20	\$3,085.45
Project Manager	241	\$57.64	\$13,891.91
Professional Engineer	156	\$42.68	\$6,657.39
Project Engineer (RPR#1)	480	\$45.40	\$21,791.90
Senior CAD Technician	16	\$44.93	\$718.93
Survey Crew Chief	8	\$38.80	\$310.37
Instrument Operator	8	\$35.57	\$284.59
Sr. Aviation Planner	40	\$48.42	\$1,936.83
Admin Technician	30	\$32.92	\$987.71
Total Direct Labor Costs:	1,017		\$49,665.09
Direct Salary Costs plus Overhead			\$82,453.99

Total Labor Costs

\$132,119.08

Fee (15%) on Total Labor Costs:

\$19,817.86

ESTIMATE OF EXPENSES:

Direct Expenses	Quantity	Rate	Extension
Electrical Engineering (Construction Administration) - Subconsultant	1	\$33,835.00	\$33,835.00
Employee Mileage	3600	\$0.58	\$2,088.00
Employee Per Diem	20	\$189.00	\$3,780.00
Employee Auto Allowance	20	\$16.00	\$320.00
Computer Charge	1017	\$5.80	\$5,898.60
Reproductions / Miscellaneous	1	\$100.00	\$100.00

Total Expenses

\$46,021.60

SUMMARY:

Total Labor Costs + Expenses + Fee

\$197,958.54

Estimated Total

\$198,000.00

SEH

2021 Runway 3-21 Lighting and Signage Project - Electrical CA

BURNS & MCDONELL ENGINEERING FEE PROPOSAL

February 2022

<i>Task No.</i>	<i>Task Description</i>	Sr. Elec. Engr (Associate)	Sr. Civil Engr. / Project Mgr (Associate)	Elec. Engr. (Senior)	Sr. CADD (Staff)	Admin. Assist. (General Office)	Task Hours	Task Cost
I	Construction Administration							
1	Attend Pre-construction Meeting		2	2			4	\$ 772.00
2	Virtual Construction Meetings	1	2	8				\$ 2,123.00
3	Construction Site Visit (3)			24			24	\$ 4,632.00
4	Attend Final Inspection			8			8	\$ 1,544.00
5	Shop Drawing Review	1		36			37	\$ 7,141.00
6	RFI Coordination	4	4	44			52	\$ 10,036.00
7	Record Drawings	1		8	20	4	33	\$ 5,157.00
8	Project Management		10				10	\$ 1,930.00
Total		7	18	130	20	4	168	\$ 33,335.00
V	Other Direct Costs							
1	Reproduction Costs							\$ 100.00
2	Travel							\$ 400.00
	Grand Total							\$ 33,835.00

VII C

Duluth Airport Authority
Resolution to Award PEC Solutions LLC the Contract for the Runway 3-21
Lighting and Signage Replacement Project at the Duluth International
Airport, in the amount of \$559,184.00 and Approve Contract Between the
Duluth Airport Authority and PEC Solutions LLC.

Terms:

- Estimated start date of July 19, 2022
- 37 Calendar Days

Agreement Overview:

The contract is for the Runway 3-21 Lighting and Signage Replacement project in the amount of \$559,184.00 based on the PEC Solutions LLC bid dated March 8, 2022. Attached is a copy of the contract. This resolution includes the award of the base bid and the add. alternate as part of the contract. Execution of the contract will be contingent on verification and compliance of the performance bond, payment bond, and insurance certificate with contract requirements.

Background:

Bids were received using [BidExpress](#) with assistance from the City of Duluth at 2:00pm on March 8, 2022 for the above referenced project. Two contractors submitted bids. The low bid was lower than the engineer's estimate.

Engineer's Estimate (Base Bid and Add. Alternate)	\$942,770.50
PEC Solutions LLC (Base Bid and Add. Alternate)	\$559,184.00
Hunt Electric Corp. (Base Bid and Add. Alternate)	\$1,603,957.75

The project is anticipated to be funded at 90 percent by the Federal Aviation Administration (FAA), and an additional 5 percent from MnDOT Aeronautics State grant. The local contribution to the DAA is anticipated to be 5 percent.

STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND CONTRACTOR
ON THE BASIS OF A STIPULATED PRICE

THIS AGREEMENT is by and between the Duluth Airport Authority
(Owner) and PEC Solutions LLC (Contractor).

Owner and Contractor hereby agree as follows:

ARTICLE 1 – WORK

- 1.01 Contractor shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows: Runway 3-21 Lighting and Signage Replacement.

ARTICLE 2 – THE PROJECT

- 2.01 The Project, of which the Work under the Contract Documents is a part, is generally described as follows: Replacement of Lighting and Signage components on Runway 3-21

ARTICLE 3 – ENGINEER

- 3.01 The Project has been designed by Short Elliott Hendrickson Inc. (SEH®).
- 3.02 The Owner has retained SEH (Engineer) to act as Owner's representative, assume all duties and responsibilities, and have the rights and authority assigned to Engineer in the Contract Documents in connection with the completion of the Work in accordance with the Contract Documents.

ARTICLE 4 – CONTRACT TIMES

4.01 *Time of the Essence*

- A. All time limits for Milestones, if any, Substantial Completion, and completion and readiness for final payment as stated in the Contract Documents are of the essence of the Contract.

4.02 *Contract Times: Dates*

- A. The Work will be substantially completed on or before August 25, 2022, and completed and ready for final payment in accordance with Paragraph 15.06 of the General Conditions on or before September 1, 2022. The Contractor shall complete all work within 37 calendar days. Work will not be allowed prior to July 18, 2022.

4.03 *Liquidated Damages*

- A. Contractor and Owner recognize that time is of the essence as stated in Paragraph 4.01 above and that Owner will suffer financial loss if the Work is not completed within the times specified in Paragraph 4.02 above, plus any extensions thereof allowed in accordance with the Contract. The parties also recognize the delays, expense, and difficulties involved in proving in a legal or arbitration proceeding the actual loss suffered by Owner if the Work is not completed on time. Accordingly, instead of requiring any such proof, Owner and Contractor agree that as liquidated damages for delay (but not as a penalty):
1. Substantial Completion: Contractor shall pay Owner \$1000.00 for each day that expires after the time (as duly adjusted pursuant to the Contract) specified in Paragraph 4.02.A above for Substantial Completion until the Work is substantially complete.
 2. Completion of Remaining Work: After Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Time (as duly adjusted pursuant to the Contract) for completion and readiness for final payment, Contractor shall pay

Owner \$1000.00 for each day that expires after such time until the Work is completed and ready for final payment.

3. Liquidated damages for failing to timely attain Substantial Completion and final completion are not additive and will not be imposed concurrently.

4.04 *Special Damages*

- A. In addition to the amount provided for liquidated damages, Contractor shall reimburse Owner (1) for any fines or penalties imposed on Owner as a direct result of the Contractor's failure to attain Substantial Completion according to the Contract Times, and (2) for the actual costs reasonably incurred by Owner for engineering, construction observation, inspection, and administrative services needed after the time specified in Paragraph 4.02 for Substantial Completion (as duly adjusted pursuant to the Contract), until the Work is substantially complete.
- B. After Contractor achieves Substantial Completion, if Contractor shall neglect, refuse, or fail to complete the remaining Work within the Contract Times, Contractor shall reimburse Owner for the actual costs reasonably incurred by Owner for engineering, construction observation, inspection, and administrative services needed after the time specified in Paragraph 4.02 for Work to be completed and ready for final payment (as duly adjusted pursuant to the Contract), until the Work is completed and ready for final payment.
- C. The special damages imposed in this paragraph are supplemental to any liquidated damages for delayed completion established in this Agreement.

ARTICLE 5 – CONTRACT PRICE

- 5.01 Owner shall pay Contractor for completion of the Work in accordance with the Contract Documents the amounts that follow, subject to adjustment under the Contract:

- A. For all Unit Price Work, an amount equal to the sum of the established unit price for each separately identified item of Unit Price Work times the actual quantity of that item as indicated in Contractor's Bid.

The Bid Prices for Unit Price Work set forth as of the Effective Date of the Agreement are based on estimated quantities. As provided in Paragraph 13.03 of the General Conditions, estimated quantities are not guaranteed, and determinations of actual quantities and classifications are to be made by Engineer as provided in Paragraph 10.06 of the General Conditions.

The Estimated Total of All Unit Price Work is: \$ 559,184.00

ARTICLE 6 – PAYMENT PROCEDURES

6.01 *Submittal and Processing of Payments*

- A. Contractor shall submit Applications for Payment in accordance with Article 15 of the General Conditions. Applications for Payment will be processed by Engineer as provided in the General Conditions, Supplementary Conditions, and Section 90, *Measurement and Payment*. Payments will be due 30 days after approval.

6.02 *Progress Payments; Retainage*

- A. Subject to the provisions of SC-15.01.C, Owner shall make monthly progress payments on account of the Contract Price on the basis of Contractor's Applications for Payment during performance of the Work as provided in Paragraph 6.02.A.1 below, provided that such Applications of Payment have been submitted in a timely manner and otherwise meet the requirements of the Contract. All such payments will be measured by the Schedule of Values established as provided in the General Conditions (and in the case of Unit Price Work based on the number of units completed) or, in the event there is no Schedule of Values, as provided elsewhere in the Contract:
 1. Prior to Substantial Completion, progress payments will be made in an amount equal to the percentage indicated below but, in each case, less the aggregate of payments previously made

and less such amounts as Owner may withhold, including but not limited to liquidated damages, in accordance with the Contract:

- a. 95 percent of Work completed (with the balance being retainage).
- b. 95 percent of cost of materials and equipment not incorporated in the Work (with the

6.03 *Final Payment*

- A. Upon final completion and acceptance of the Work in accordance with Paragraph 15.06 of the General Conditions, Owner shall pay the remainder of the Contract Price as recommended by Engineer as provided in said Paragraph 15.06.

6.04 *Interest*

All amounts not paid when due shall bear interest at the rate of four percent (4%) per annum.

ARTICLE 7 – CONTRACT DOCUMENTS

7.01 *Contents*

- A. The Contract Documents consist of the following:
 1. Addenda (number 00 00 11, inclusive).
 2. This Agreement (pages 00 52 00-1 to 00 52 00-6, inclusive).
 3. Performance Bond (Document 00 61 13).
 4. Payment Bond (Document 00 61 14).
 5. General Conditions (pages 00 72 00-1 to 00 72 00-66, inclusive).
 6. Supplementary Conditions (pages 00 73 00-1 to 00 73 00-9, inclusive).
 7. Specifications as listed in the table of contents of the Project Manual.
 8. The Drawings listed in the index located on Drawing Sheet *G0.01 – Table of Contents*.
 9. Exhibits to this Agreement (enumerated as follows).
 - a. Contractor's Bid (Document 00 41 00).
 - b. Documentation submitted by Contractor prior to Notice of Award (pages ____ to ____, inclusive).
 - c. Certificate of Insurance.
 10. The following which may be delivered or issued on or after the Effective Date of the Contract and are not attached hereto:
 - a. Notice to Proceed.
 - b. Field Order(s).
 - c. Work Change Directive(s).
 - d. Change Order(s).
- B. The documents listed in Paragraph 7.01.A are attached to this Agreement (except as expressly noted otherwise above).
- C. There are no Contract Documents other than those listed above in this Article 7.
- D. The Contract Documents may only be amended, modified, or supplemented as provided in the General Conditions.

ARTICLE 8 – REPRESENTATIONS, CERTIFICATIONS, AND STIPULATIONS

8.01 *Contractor's Representations*

A. In order to induce Owner to enter into this Contract, Contractor makes the following representations:

1. Contractor has examined and carefully studied the Contract Documents, and any data and reference items identified in the Contract Documents.
2. Contractor has visited the Site, conducted a thorough, alert visual examination of the Site and adjacent areas, and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.
3. Contractor is familiar with and is satisfied as to all Laws and Regulations that may affect cost, progress, and performance of the Work.
4. Contractor has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or adjacent to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings, and (2) reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent to the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings.
5. Contractor has considered the information known to Contractor itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Site-related reports and drawings identified in the Contract Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor; and (3) Contractor's safety precautions and programs.
6. Based on the information and observations referred to in the preceding paragraph, Contractor agrees that no further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the Work at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract.
7. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Contract Documents.
8. Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and the written resolution thereof by Engineer is acceptable to Contractor.
9. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.
10. Contractor's entry into this Contract constitutes an incontrovertible representation by Contractor that without exception all prices in the Agreement are premised upon performing and furnishing the Work required by the Contract Documents.

8.02 *Contractor's Certifications*

A. Contractor certifies that it has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for or in executing the Contract. For the purposes of this Paragraph 8.02:

1. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the bidding process or in the Contract execution;
2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process or the execution of the Contract to the detriment of Owner, (b) to establish Bid or Contract prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;

3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish Bid prices at artificial, non-competitive levels; and
4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

ARTICLE 9 – MISCELLANEOUS

9.01 *Terms*

- A. Terms used in this Agreement will have the meanings stated in the General Conditions and the Supplementary Conditions.

9.02 *Assignment of Contract*

- A. Unless expressly agreed to elsewhere in the Contract, no assignment by a party hereto of any rights under or interests in the Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, money that may become due and money that is due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

9.03 *Successors and Assigns*

- A. Owner and Contractor each binds itself, its successors, assigns, and legal representatives to the other party hereto, its successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

9.04 *Severability*

- A. Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

IN WITNESS WHEREOF, Owner and Contractor have signed this Agreement.

This Agreement will be effective on March 15, 2022 (which is the Effective Date of the Contract).

OWNER:

Duluth Airport Authority

By: _____

Title: _____

[CORPORATE SEAL]

Attest: _____

Title: _____

Address for Giving Notices:

(If Owner is a corporation, attach evidence of authority to sign. If Owner is a public body, attach evidence of authority to sign and resolution or other documents authorizing execution of Owner-Contractor Agreement).

Designated Representative:

Name: _____

Title: Director of Operations

Address: 4701 Grinden Drive

Duluth, Minnesota 55811

Phone: 218.625.7767

Facsimile: _____

CONTRACTOR:

Error! Reference source not found.PEC Solutions LLC

By: _____

Title: _____

[CORPORATE SEAL]

Attest: _____

Title: _____

Address for Giving Notices:

License No. _____
(Where Applicable)

Agent for service of process: _____

(If Contractor is a corporation or a partnership, attach evidence of authority to sign.)

Designated Representative:

Name: _____

Title: _____

Address _____

Phone: _____

Facsimile: _____

END OF DOCUMENT

VII D

Kleen-Tech Terminal Office Lease Duluth International Airport

Terms:

- March 23, 2022-February 14, 2023
- Four additional (1) year option terms. (Mirrors Janitorial Contract)

Agreement Overview:

- 201 square foot office lease on second floor of Terminal
- Rate is based on our annually adopted Rates & Charges, the 2022 rate is \$41.08 per square foot per year; monthly rate \$688.09.

Why were the changes in key terms needed/wanted?

- This is a new agreement with the new janitorial contractor.

KLEEN-TECH TERMINAL OFFICE SPACE LEASE AGREEMENT DULUTH INTERNATIONAL AIRPORT

The parties to this Agreement are the DULUTH AIRPORT AUTHORITY, a governmental body organized and existing under Chapter 577 of the Laws of Minnesota, 1969, hereinafter known as "Authority", and Kleen-Tech Services, LLC hereinafter referred to as "Lessee".

WHEREAS, The Authority is a public body created pursuant to Minnesota Laws 1969, Chapter 577 and responsible for the operation of the Duluth International Airport located in and adjacent to the City of Duluth, Minnesota; and

WHEREAS, The Lessee desires to lease space in the terminal at the Airport and the Authority agrees to allow the Lessee to lease space under the terms and conditions set forth herein

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

SECTION 1 DEFINITIONS

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

- A. Airport: shall mean the Duluth International Airport located in and adjacent to the City of Duluth, County of St. Louis, and State of Minnesota.
- B. City: shall mean the City of Duluth, 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 signed by the Executive Director or authorized designee.
- D. Executive Director: shall mean the Executive Director of the Authority, or designee.
- E. Leased Premises: shall refer to that portion of the Terminal leased by Lessee as further described in Section 3A and as shown on Exhibit A.
- F. Leasehold Improvements: shall mean all items located on and within the Leased Premises provided or purchased by Lessee, including items such as decorations, partitions, 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 and other related improvements.
- G. Terminal: shall mean the main passenger terminal building at the Airport located at 4701 Grinden Drive, Duluth MN, 55811.

SECTION 2 TERM

- A. Base Term: The Base Term of this Agreement shall commence on March 23, 2022 and shall remain in effect until February 14, 2023, unless terminated earlier as provided for herein.

- B. Option Term: The parties reserve the right to exercise four (4) additional one (1) year Option Terms beyond the Base Term provided that the parties mutually agree to exercise the Option Term in writing sixty (60) days prior to the end of the Base Term or any executed Option Terms. The Option Term shall be under the same terms and conditions as set forth herein.

SECTION 3 LEASED PREMISES, EMPLOYEE PARKING AND PUBLIC SPACE

- A. Leased Premises: Lessee is hereby granted use of approximately 201 square feet of space on the second floor of the Terminal, also referred to room number 210 as identified on Exhibit A. The Leased Premises shall be used solely for providing an office for its employees.
- B. Employee Parking: Lessee and its employees, contractors, or agents working at the Airport, in common with others, shall have 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.
- C. Public Space: Lessee is hereby granted the use by Lessee and its employees, contractors, and guests of all public space in the Terminal including but not limited to circulation space, restrooms, stairways, elevators, and public seating in common with other users. This provision shall not be construed to grant any special license to Lessee or its employees, contractors, or guests with respect to public space over and above that of the general public.
- D. The Right of Ingress and Egress: Lessee is hereby granted 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 Federal Aviation Administration.

SECTION 4 PAYMENTS AND OTHER FEES

Lessee hereby agrees to pay Authority for the rights and privileges granted hereunder as follows:

- A. Leased Premises: For the rent of the Leased Premises, a rental fee shall be paid to the Authority in the sum of \$41.08 per square foot per year or \$688.09 per month for the Leased Premises. The first payment of rent in the pro-rated amount of \$199.77 shall be due and payable March 31, 2022. Subsequent monthly payments in the amount of \$688.09 shall be due and payable beginning on April 30, 2022 and monthly thereafter during the term of this Agreement and any extensions thereof.

Beginning January 1, 2023, the rental rate will be established annually in accordance with the rates and charges schedule adopted annually by the Authority. Lessee will be advised of the proposed rate at least thirty (30) days prior to adoption by the Authority. If Lessee finds the new rates unacceptable, Lessee may terminate this agreement upon forty-five (45) days written notice to the Authority.

- B. Refuse and Garbage: Lessee assumes all responsibility for the disposal of refuse and garbage generated by its operations in the Leased Premises during the term of possession of the Lease and agrees to deposit such refuse and garbage in outdoor containers provided by the Authority.

- C. Maintenance and Fee for Failure to Maintain. Lessee shall keep the space clean and orderly and not permit damage to the space, normal wear and tear excepted. Maintenance shall include regular carpet vacuuming, annual shampooing, extraction prior to surrender at the termination of this Agreement, replacement of bulbs, and wall cleaning. In the event that Lessee fails to keep the Leased Premises in a neat, clean, orderly and sanitary condition and the Executive Director has issued a written notice of such deficiency and provided a reasonable cure period as determined solely by the Executive Director, Authority may itself clean or cause to be cleaned those portions of the Leased Premises not so kept, and Lessee agrees to reimburse Authority for the direct and indirect costs incurred by Authority for the performance of said work plus a fifteen percent (15%) administrative fee, due and payable upon receipt.
- D. Fee for Repair and Replacement. Lessee shall promptly repair or replace any property of the Authority lost, destroyed or damaged by its operations hereunder. If Lessee fails to promptly repair or replace such property following written notice by the Executive Director of such deficiency and a reasonable cure period as determined solely by the Executive Director, Authority may repair or replace it and Lessee agrees to reimburse for the direct and indirect costs incurred by Authority for such repair or replacement plus a fifteen (15%) percent administrative fee, due and payable upon receipt.
- E. Fee for Unpaid Licenses, Fees, Taxes, and Assessments. Lessee hereby agrees to pay all licenses, fees, taxes and assessments of any kind whatsoever which arise because of, or in the course of any operations covered by this Agreement during the term hereof. Should Lessee fail to pay such amounts following written notice of such deficiency and a reasonable cure period as determined solely by the Executive Director, it is expressly agreed that Authority may pay the same on behalf of Lessee, and Lessee agrees to reimburse Authority for said amounts paid plus a fifteen percent (15%) administrative fee due and payable upon receipt.
- F. Late Payment:
If Lessee is delinquent for thirty (30) days or longer in paying any amounts owed to the Authority under this Agreement, Lessee shall pay to the Authority a late payment charge assessed on the delinquent amount at the Authority's then-prevailing rate on delinquent accounts (the rate at the date of execution of the Agreement is one and one-half percent (1½%) per month). The late payment charge shall accrue from the date the delinquent amount was due until paid.

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

- G. Payment Obligations Unconditional
The obligations of Lessee to pay any amounts due to Authority under this Lease Agreement in accordance with the terms hereof shall be absolute and unconditional, irrespective of any defense or rights of set off, recoupment or counterclaim which may at any time be available against Authority. Such payments shall be due without notice or demand therefore except as specifically provided for herein.

SECTION 5 UTILITIES

The Authority agrees to provide such heat, electricity, internet infrastructure, telephone infrastructure, water and sewage as are reasonable necessary for Lessee's operations at no additional cost to Lessee. Lessee shall be responsible for providing and installing all telephone systems and computer systems for their operation at its sole expense.

SECTION 6 SECURITY DEPOSIT

As of the commencement date of the Lease, a security deposit is not required; however, if Lessee subsequently is determined to be in default as called for in this Agreement or has delinquent payments due the Authority, Authority reserves the right to require a security deposit, and Lessee agrees to provide a security deposit in the amount of \$500.00 issued to the Authority. Lessee agrees that the Authority may hold the security deposit without liability for interest and in an account co-mingled with other funds. The Authority may use the security deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of the Lessee under this Agreement. Following any such application of the security deposit, Lessee shall pay to the Authority on demand the amount so applied in order to restore the security deposit to its original amount. If Lessee is not in default at the termination of this Agreement, the balance of the security deposit remaining after any such application shall be returned to Lessee.

SECTION 7 ACCESS BY AUTHORITY

Upon forty eight (48) hours' notice, the Authority shall have the right to enter and inspect the Leased Premises for the purpose of ascertaining the condition thereof or in order to make such repairs as may be required to be made by the Authority under the terms of this Agreement or as the Authority may deem necessary. The right of entry shall not be deemed to impose any greater obligation on the Authority to clean, maintain, repair or change the Leased Premises than is specifically provided in this Agreement. The Authority may at any time in case of emergency enter the Leased Premises and do such acts as the Authority may deem proper in order to protect the Leased Premises, the Terminal, or any occupants of the Terminal.

SECTION 8 CONSTRUCTION AND LEASEHOLD IMPROVEMENTS

- A. Approval of Executive Director. In the event that Lessee wishes to make any Leasehold Improvements, Lessee shall submit a written request to the Executive Director together with design development or construction drawings showing all details of said Leasehold Improvement. No Leasehold Improvement shall be made in the Leased Premises without the prior written approval of the Executive Director, which decision shall not be unreasonably delayed, and then only in conformance with the approved plans and this Article.
- B. Regulations and Standards. All work performed on behalf of Lessee shall conform to all applicable regulations, building design standards, building codes and health standards, as well as the following requirements:
 - 1. All construction shall meet the requirement of Type I (fire resistant) construction as set forth in the Minnesota State Building Code (current edition) and the building standards for the Airport.

2. Complete contract drawings and specifications on all work, including alterations, additions or replacements, must be submitted for and receive approval of the Executive Director. Lessee will be responsible for delivering to the Authority at no cost "as built" drawings and an electronic version of same, or any reasonable substitute as agreed to in writing by the Executive Director, within sixty (60) days of completion of any Leasehold Improvement.
3. All work must be done by qualified and licensed contractors authorized to do business at the Airport in the time and manner approved by and coordinated with the Executive Director. Lessee shall comply with the indemnity and insurance and bond requirements of this Agreement. Work must be performed such that it may not have a material impact on the operations of the Airport or negatively impact any tenants operating at the Airport as determined in the sole discretion of the Executive Director.
4. An authorized representative of Lessee shall be available at all reasonable times at the site to coordinate the work of the Leasehold Improvements.

C. Construction Bonds and Insurance.

1. Bonds. During the term of this Agreement when any Leasehold Improvements are constructed, installed or renovated, Lessee shall 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, Lessee shall furnish to Authority performance bonds, written by similarly qualified companies, covering all work to be performed thereunder guaranteeing the performance of all such work. In the alternative, if the value of labor and materials to be furnished for any such improvement shall not exceed Fifteen Thousand Dollars (\$15,000), Lessee may furnish to Authority written proof thereof and may, at its option, deposit a sum equal to the value of the labor and materials with an escrow agent approved by the Executive Director or may deposit said sum directly with Authority. Authority shall have the right, but not the obligation, to draw upon said sum to pay all bills unpaid by Lessee for said labor and materials supplied for said Leasehold Improvements. Upon completion of the project and the furnishing by Lessee to Authority of lien waivers by all contractors, laborers and materialman involved in said Leasehold Improvements, Authority shall agree to the release of any funds remaining in escrow or held by it to Lessee.
2. Contractor's Public Liability and Property Insurance. Before commencing any improvement, work or equipment installation on the Leased Premises, Lessee shall require all contractors and subcontractors to procure and maintain insurance during the life of such contracts, protecting the Authority, the City, and the Lessee as follows:
 - a. Workers' Compensation Insurance.

- b. Contractor's Comprehensive Liability and Property Damage Insurance with limits no less than \$1,500,000 combined single limit per occurrence, including but not limited to, bodily injury and property damage, airport premises and products/completed operations liability, contractual liability, and independent contractors liability.
 - c. Contractor's Automobile Liability and Property Damage Insurance, including automobile and non-ownership and hired cars with limits no less than \$1,500,000 each occurrence including owned and/or leased automobile liability and non-owned and hired automobile liability.
 - d. Owner's Protective Public Liability and Protective Property Damage Insurance.
- 3. Insurance Requirements.
 - a. Authority and City shall be named as additional insureds on each of the policies above except the Workers' Compensation policy.
 - b. All insurance policies required above shall be primary and shall not require contribution from any coverage maintained by Authority and/or City.
 - c. 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.
- D. 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 it shall deem necessary to protect the Authority, the City, and the integrity of all operations at the Terminal and the Airport, including, but not limited to, bonding and insurance requirements.

SECTION 9 INDEMNIFICATION

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

respects for the use of or generation of or release or threatened release of any petroleum based substance or product, or any volatile organic compound, or any substance classified as a pollutant, contaminant, toxic substance, solid waste or a "hazardous waste" by either the Environmental Protection Agency of the Government of the United States or the Minnesota Pollution Control Agency by Operator, its officials, agents or employees, successors or assigns. Operator shall specifically be responsible for the disposition of all such waste or substances and for the environmental response activities and costs, monitoring, or cleanup of any environmental condition deemed by those agencies or either of them to require environmental response, monitoring or cleanup activities of any kind which arises directly or indirectly out of the use of or generation of such substances by Operator, its officials, agents or employee, successors or assigns in its operations at the Airport; and Operator specifically agrees that the obligations of Paragraph A above shall apply specifically to any costs or obligations of Authority arising out of any such disposition, cleanup, or environmental response.

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

SECTION 10 INSURANCE

- A. Insurance.

Lessee shall carry and maintain in full force and effect during the term of this Agreement the minimum amounts of insurance set forth below. The Lessee shall carry workers' compensation insurance on all of its employees employed on the Airport. Lessee may request the Authority to approve alternative types of insurance providing at least equal protection. All such insurance shall be in at least the following amounts and shall be in a form acceptable to the Authority and approved by the City Attorney, shall name the Authority and the City of Duluth as additional insureds on each liability policy and shall provide for thirty (30) days' written notice to the Authority of any cancellation or modification thereof. To the extent that the "Accord" form of certificate is used, the words "endeavor to" shall be stricken from the notification provisions. Certified copies thereof or appropriate certificates of insurance evidencing the existence thereof shall be delivered to the Authority prior to the execution of this Agreement. The Authority reserves the right and Lessee agrees to revisions upward or downward in the minimum insurance requirements hereinafter set forth. All insurance required under this Agreement shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota. All insurance policies required below shall be primary and shall not require contribution from any coverage maintained by the Authority and/or the City.

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

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

SECTION 11 FIRE INSURANCE

- A. Authority's Fire Insurance.
Lessee 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 any reason of the Lessee'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 Lessee 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 Lessee.

SECTION 12 AUTHORITY'S RIGHTS UPON DEFAULT

- A. Rights Upon Default. If at any time Lessee 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:
 - 1. Immediately, or at any time thereafter without further notice to Lessee, 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 representing a forfeiture of the rentals, fees, and charges to be paid and of the covenants, terms and conditions to be performed by Lessee for the full term 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 Lessee covenants in case of such termination to indemnify the Authority against all loss of rentals, fees, and charges which the Authority has suffered or paid by reason of such termination, during the remainder of the term of this Agreement.

3. The Authority shall further have all other rights and remedies at law or in equity including injunctive relief, or summary proceedings for unlawful detainer, and any or all legal remedies, actions and proceedings shall be deemed cumulative.

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

1. If the Lessee has failed to pay rentals, fees, charges, or taxes when due hereunder and such failure to pay shall continue for fifteen (15) days.
2. Failure to provide and/or maintain the insurance coverages required herein.
3. Lessee shall permit any liens on the Leased Premises with the exception of assignments approved pursuant to the terms of this Agreement or liens contested in accordance with this Agreement.
4. If the Lessee fails in the observance or performance of any of the other terms, covenants and conditions of this Agreement and such failure shall continue for fifteen (15) days after Authority has given Lessee written notice, or the Lessee shall have failed to commence the corrective action of such failure within fifteen (15) days after such notice and to diligently prosecute the same where the same cannot be completed within fifteen (15) days.
5. If a petition to reorganize the Lessee or for its arrangement of its unsecured debts shall be filed.
6. If the Lessee shall be adjudicated bankrupt.
7. If a receiver or trustee of the Lessee's property shall be appointed by any court.
8. If the Lessee shall make a general assignment for the benefit of creditors.
9. If all of the interest of the Lessee in its property shall be taken by garnishment, attachment, execution or other process of law.
10. If the Leased Premises shall be deserted or vacated.

SECTION 13 LESSEE'S TERMINATION RIGHTS

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

- A. The issuance by any court of competent jurisdiction of an injunction, order or decree: (1) preventing or restraining the use by Lessee of all or any substantial part of the Leased Premises used and occupied by Lessee hereunder, or (2) preventing or restraining the use of all or a part of the Airport for normal airport purposes which may be used by Lessee and which is necessary for its operations on the Airport.
- B. If Authority defaults in any of the terms, covenants or conditions under this Agreement and fails to cure the default or make substantial progress with regard thereto within ninety (90) days following receipt of written demand from Lessee to do so.

- C. If all or a material part of the Leased Premises used and occupied by Lessee hereunder is damaged or destroyed or all or a part of the Airport or Airport facilities which are necessary to the operation of Lessee's business are damaged or destroyed or the use thereof disrupted for causes beyond Lessee's control.
- D. If, by reason of any action of any governmental authority, Lessee is unable to conduct its business for a period of in excess of ninety (90) consecutive days in substantially the same manner or substantially to the same extent as prior to such action.
- E. Permanent abandonment of Airport for scheduled airline service.
- F. Early termination of Airport Janitorial Service Agreement between Lessee and Authority.

SECTION 14 SURRENDER OF POSSESSION

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

SECTION 15 LIENS AND ASSIGNMENTS

- A. Liens:
Lessee 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 Lessee shall first notify the Executive Director of its intention to do so and post such security as the Executive Director reasonably deems necessary, Lessee may, in good faith, contest any such mechanics' or other liens filed or established as long as the Executive Director does not deem its interest or rights in this Agreement to be subject to foreclosure by reason of such contest.
- B. Assignment:
Lessee shall not assign or transfer this Agreement, in whole or in part, in any manner, nor any interest therein, nor permit the foregoing Agreement to become transferred by operation of law or otherwise, nor do or suffer any acts to be done whereby the same may be or become assigned in whole or in part, unless the written consent of Authority shall first be obtained in each and every case of subletting, assignment or transfer. It is expressly agreed by the parties that a change in ownership of the controlling share of stock in Lessee, if any, shall be deemed to be an assignment hereunder. It is expressly agreed by the Lessee that in the event permission be granted by the Authority 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 Lessee shall be and remain liable for the payments of all rents and other payments due hereunder and the performance of all covenants and conditions for the full term of this Agreement.

SECTION 16 SUBORDINATION

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

SECTION 17 ERECTION OF SIGNS

The Lessee shall be allowed to erect suitable signs on the Leased Premises to advertise its location or occupancy, but the form, type, size and method of installation of any such signs shall be subject to the approval of the Executive Director.

SECTION 18 MODIFICATION

Any of the terms of this Agreement may be changed upon the mutual consent of the Authority and the Lessee, but to be valid any such changes must be in writing, dated, and must be executed with the same formalities as this Agreement. In the event that any provision of this Agreement is determined to violate any local, state, or federal rule or regulation or is deemed to cause a violation of any rate covenants, the Agreement shall be modified upon consultation with Lessee 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 19 NOTICES

Any notice provided for in this Agreement or otherwise to the Authority shall be sent to:

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

Any notice to the Lessee hereunder shall be sent to:

Kleen-Tech Services, LLC
7100 Broadway Suite 6-L
Denver, CO 80221
ATTN: Rick LeForce, Chief Financial Officer
Phone: 1-866-385-0672

**SECTION 20
APPLICABLE LAW**

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

**SECTION 21
WAIVER OF BREACH**

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

**SECTION 22
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 23
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 24
ATTORNEYS' FEES AND COSTS**

In the event Authority shall prevail in any action or suit or proceeding brought by Authority to collect rents due or to become due hereunder or any portion thereof or to take possession of the demised Leased Premises, or to enforce compliance with this Agreement or for the failure to observe any of the covenants of this Agreement, Lessee 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 proceedings.

**SECTION 25
LAWS, RULES AND REGULATIONS**

Lessee agrees to observe and comply with all the laws, ordinances, rules and regulations of the United States of America, State of Minnesota, the City of Duluth, and their respective agencies which are applicable to its business at the Airport including all laws relating to unlawful

discrimination, and further agrees to observe and comply with all Airport rules and regulations in existence at the execution of this agreement and which may, from time to time, be promulgated by the Authority governing conduct on and operations at the Airport and the use of its facilities, as administered by the Executive Director. Further, Lessee agrees to fulfill its responsibilities pursuant to the Airport Security Plan approved by the Federal Aviation Administration and any amendments thereto.

SECTION 26 NON-DISCRIMINATION

The Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant with the land that:

- a. No person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination in the use of said facilities; and
- b. In the construction of any improvement on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and
- c. That the Lessee shall use the premises in compliance with all of the requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

SECTION 27 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 28 ENTIRE AGREEMENT

This Agreement, including Exhibit A constitutes the entire agreement between the parties and supersedes all prior written and oral agreements and negotiations between the parties relating to the subject matter hereto. There are no representations, warranties, or stipulations either oral or written not herein contained.

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

Dated: _____

DULUTH AIRPORT AUTHORITY

KLEEN-TECH SERVICES, LLC

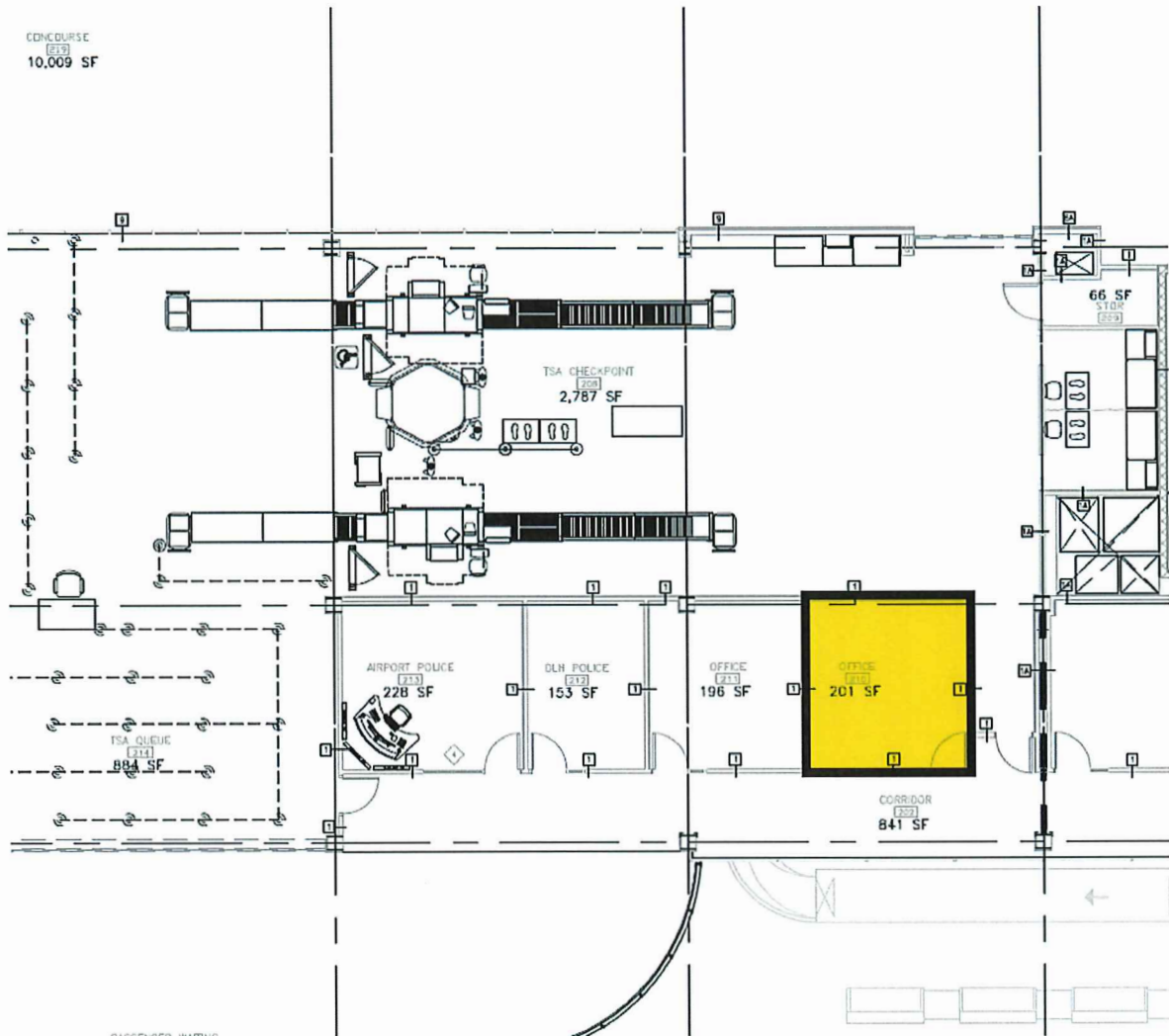
By _____
Its President

By _____

Its _____

By _____
Its Secretary

EXHIBIT A
LEASED PREMISES
Terminal Building Second Floor Room 210



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

TERMS:

- Length of Agreement: One Year
- Estimated Price: up to \$80,000 to be verified once finalized
- \$100,000 deductible
- Provider: Hanover Insurance & Hartford Steam Boiler

ARGUEEMENT OVERVIEW (CONTEXT):

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

Prepared by: Joelle Bodin

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

Pertaining to the period of February 16, 2022 to February 16, 2023

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

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

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

WHEREAS, the City's property insurance coverage and boiler insurance coverage runs from February 16, 2022 to February 16, 2023; and

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

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

1. ALL RISK BLANKET POLICY

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

2. TERM OF INSURANCE COVERAGE

The Authority Buildings shall be insured for the period of February 16, 2022 to February 16, 2023.

3. PAYMENT BY AUTHORITY.

Authority agrees to pay City for insuring the Authority Buildings and boilers in their proportionate share amount of up to Eighty Thousand (\$80,000) Dollars payable into City Fund 610-036-1659-4906 (Self-Insurance Liabilities, Insurance Accounts, Airport Insurance, Other Insurance Charges).

4. MUTUAL COOPERATION

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

5. POINT OF CONTACT

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

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

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

6. WAIVER

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

7. APPLICABLE LAW

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

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

8. SEVERABILITY

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

9. ENTIRE AGREEMENT

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

CITY OF DULUTH

DULUTH AIRPORT AUTHORITY

By _____
Mayor

By _____
President

Attest: _____
City Clerk

Date: _____

By _____
Secretary

Countersigned:

City Auditor

Approved as to form:

City Attorney

VII F

RESOLUTION TO APPROVE CFC USE FOR PAYMENT OF REMAINING UNPAID 2020 MINIMUM ANNUAL GUARANTEES FOR RENTAL CAR AGENCIES AS SET FORTH IN EXHIBIT A.

RESOLUTION OVERVIEW:

- In June of 2011 CFCs collection was established at DLH to pay for “eligible rental car related capital improvements and operating expenses as determined by the Authority.”
- All rental car entities have provided written approval of this use for the CFCs.
- The DAA finance staff would like approval to include CFC approval use to pay the remaining unpaid minimum annual guarantees for Avis, Budget and Enterprise as set forth in Exhibit A below.

Exhibit A	
Remaining Unpaid 2020 Minimum Annual Guarantees	
Avis	\$ 10,547.64
Budget	\$ 12,640.95
Enterprise	\$ 64,846.42
	<u>\$ 88,035.01</u>

Prepared by: Joelle Bodin

VII G

Duluth Airport Authority Balance Sheet End of Jan 2022

Financial Row	Amount
ASSETS	
Current Assets	
Bank	
Checking Account	\$0.01
Lottery Account	\$3,674.20
Petty Cash	\$236.23
Pooled Cash - City Balance	\$5,319,354.06
Total Bank	\$5,323,264.50
Accounts Receivable	
Accounts Receivable - Restricted PFC	\$74,279.11
Accounts Receivable Billed	\$765,751.43
Grants Receivable	\$231,932.33
Total Accounts Receivable	\$1,071,962.87
Other Current Asset	\$88,696.01
Total Current Assets	\$6,483,923.38
Fixed Assets	
Accumulated Depreciation	(\$131,202,099.74)
Capital Assets	\$254,752,615.14
Work in Progress	\$302,040.88
Total Fixed Assets	\$123,852,556.28
Other Assets	
Accumulated Amortization	(\$1,984,854.42)
Airport Planning Projects - Contributed	\$4,290,091.51
Airport Planning Projects - Invested	\$585,465.05
Deferred Outflows - OPEB	\$22,744.00
Deferred Outflows - Pension	\$121,939.00
Total Other Assets	\$3,035,385.14
Total ASSETS	\$133,371,864.80
Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$302,054.51
Credit Card	\$9,611.58
Other Current Liability	
Accrued Interest	\$13,369.54
Accrued Sales Taxes Payable - All	(\$232.37)
Accrued Vacation	\$122,226.92
Deferred Inflows - OPEB Liabilities	\$155,208.00
Deferred Inflows - Pension	\$72,479.00
Loans Payable to City of Duluth	\$920,000.00
Unearned Revenue - Current	\$429,500.00
Unearned Revenue - Non Current	\$167,488.48
Total Other Current Liability	\$1,880,039.57
Total Current Liabilities	\$2,191,705.66
Long Term Liabilities	
LT Loans Payable to City of Duluth	\$5,095,000.00
Net Pension Liability	\$1,175,111.00
Total Other Post Employment Benefit Liability	\$2,907,972.87
Total Long Term Liabilities	\$9,178,083.87
Equity	
Contributed Equity	\$16,621,668.70
Retained Earnings	\$108,135,660.92
Net Income	(\$2,755,254.35)
Total Equity	\$122,002,075.27
Total Liabilities & Equity	\$133,371,864.80

Duluth Airport Authority
Income Statement
Jan 2022

Financial Row	Amount
Ordinary Income/Expense	
Income	
Non-Aeronautical Revenue	
Advertising Income	\$475.00
Concession Revenue	\$134,312.91
Customer Facility Charges	\$13,136.00
Miscellaneous Revenues	\$3,934.00
Parking	\$74,200.15
Permits	\$1,653.27
Plowing Services	\$2,700.00
Reimbursed Expenses	\$5,768.43
Rent	\$24,037.61
Sponsorship Income	\$62,000.00
State Aid	(\$2,740.87)
Total - Non-Aeronautical Revenue	\$319,476.50
Non-Passenger Aeronautical Revenue	
Aviation Gas	\$522.40
Concession Revenue	\$7,936.67
Landing Fees	\$2,391.27
Ramp Fees	\$1,549.68
Rent	\$128,566.28
Security Reimbursement	\$8,866.33
Total - Non-Passenger Aeronautical Revenue	\$149,832.63
Passenger Airline Aeronautical Revenue	
Landing Fees	\$20,113.31
Terminal Office/Space Rental	\$78,581.87
Total - Passenger Airline Aeronautical Revenue	\$98,695.18
Total - Income	\$568,004.31
Gross Profit	\$568,004.31
Expense	
Miscellaneous Expenses	\$2,665.69
Personnel Compensation & Benefits	
Employer Contributions for Retirement	\$10,584.73
Employer Paid Insurance	\$32,195.95
Retiree Benefits	\$9,035.00
Wages & Salaries	\$75,741.59
Total - Personnel Compensation & Benefits	\$127,557.27
Services and Charges	
Advertising	\$563.00
Central Services Fee	\$3,766.74
Communications & Technology	\$30,919.54
Employee Development Services	\$7,647.78
Marketing	\$2,103.90
Professional Services	\$24,106.84
Rentals	\$287.91
Repairs and Maintenance - Contractual/Services	\$27,288.60
Transportation	\$3.36
Utility Services	\$68,251.49
Total - Services and Charges	\$164,939.16
Supplies	
Office Supplies	\$3,918.21
Operating Supplies	\$21,956.97
Repairs & Maintenance Supplies	\$5,537.33
Total - Supplies	\$31,412.51
Total - Expense	\$326,574.63
Net Ordinary Income	\$241,429.68

Financial Row	Amount
Other Income and Expenses	
Other Income	
Capital Contributions	
Contributed Capital	\$152,627.77
Grants	(\$3,183,495.80)
Total - Capital Contributions	(\$3,030,868.03)
Non-Operating Revenue	
Interest Income	\$2,097.01
Passenger Facility Charges	\$45,456.47
Total - Non-Operating Revenue	\$47,553.48
Total - Other Income	(\$2,983,314.55)
Other Expense	
Non-Operating Expense	
Interest Expense	\$13,369.48
Total - Non-Operating Expense	\$13,369.48
Total - Other Expense	\$13,369.48
Net Other Income	(\$2,996,684.03)
Net Income	(\$2,755,254.35)

**Duluth Airport Authority
DAA Board Packet Budget vs. Actual Summary
Jan 2022**

UNAUDITED

Financial Row	Prior Year Actual (Jan 2021)	Current Year Actual (Jan 2022)	Budget Amount (Jan 2022)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2022 - Adjust 2022)
Ordinary Income/Expense							
Income							
Non-Aeronautical Revenue	547,015	319,477	285,445	111.92%	(227,539)	34,031	2,907,180
Non-Passenger Aeronautical Revenue	146,710	149,833	146,361	102.37%	3,122	3,471	1,485,468
Passenger Airline Aeronautical Revenue	112,270	98,695	97,908	100.80%	(13,575)	787	1,236,318
Total - Income	805,996	568,004	529,715	107.23%	(237,992)	38,289	5,628,966
Gross Profit	805,996	568,004	529,715	107.23%	(237,992)	38,289	5,628,966
Expense							
Miscellaneous Expenses	3,080	2,666	2,057	129.58%	(415)	609	36,670
Personnel Compensation & Benefits	120,816	127,557	180,567	70.64%	6,741	(53,009)	2,639,812
Services and Charges	153,018	164,939	172,071	95.86%	11,921	(7,132)	2,127,207
Supplies	58,464	31,413	51,785	60.66%	(27,051)	(20,372)	674,195
Total - Expense	335,378	326,575	406,479	80.34%	(8,804)	(79,905)	5,477,884
Net Ordinary Income	470,618	241,430	123,236	195.91%	(229,188)	118,194	151,083
Other Income and Expenses							
Other Income	27,713	47,553	135,496	35.10%	19,840	(87,943)	1,675,674
Other Expense	20,720	13,369	23,793	56.19%	(7,351)	(10,423)	285,512
Net Other Income	6,993	34,184	111,704	30.60%	27,191	(77,520)	1,390,162
Net Income Exclusive of Project Expenses, Depreciation & Amortization	477,611	275,614	234,939	117.31%	(201,997)	40,674	1,541,244
Projects/Grants	(5,110,692)	(3,030,868)	981,143	-308.91%	2,079,824	(4,012,011)	11,773,715
Depreciation & Amortization	0	0	(925,234)	0.00%	0	925,234	(11,102,803)
Net Income	(4,633,081)	(2,755,254)	290,849	-947.32%	1,877,827	(3,046,103)	2,212,157

- The results of this report are expected to change slightly with audit adjustments as well as delayed revenue and expense postings.
- At this time the DAA is at a favorable variance budget vs actual of over \$40k.
- The largest variance from budget in operating revenues comes the parking concession which is up nearly \$17k and car rental concession which is up over \$5k, while other concessions are very close to budget. Non-passenger aeronautical revenue is 3.4k over budget and passenger airline aeronautical revenue is nearly flat. We assumed SY enplaned passengers would be 17.86% of our total enplanements and for the month of January they were 19%.
- The largest variance from budget in expenses comes from personnel costs which are \$53k under budget. Supplies and services and charges are both running under budget as well. Operating expenses are nearly \$80k under budget.
- Non-operating income is under budget as no CRRSA or ARPA relief funds have been requested thus far. PFCs came in slightly over budget while expenses are down \$10k from budget due to budgeted line of credit interest as well as the reduced interest due to the refinanced last Fall for a total unfavorable variance vs budget of \$77k.
- **OPERATING POLICY #28 MINIMUM CASH BALANCE REPORTING AS OF 3/9/22:**
 - Minimum Cash Balance Goal: \$2,204,113
 - Current Balance: \$4,637,789 - Exceeds goal
 - Days Cash on Hand: 379 days currently vs 180 day benchmark

Duluth Airport Authority
Duluth A/R Aging Report
As of March 8, 2022

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

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT	2/6/2022 - 3/7/2022 (30)	1/7/2022 - 2/5/2022 (60)	12/8/2021 - 1/6/2022 (90)	BEFORE 12/8/2021 (>90)	TOTAL
						Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance
Aeronautical Radio, Inc.	Invoice	2/1/2022	9269	3/3/2022	35	\$0.00	\$0.00	\$8.00	\$0.00	\$0.00	\$8.00
Avis Rent A Car						\$0.00	\$2,406.87	\$0.00	\$0.00	\$10,547.64	\$12,954.51
Bellamy Bill	Invoice	1/31/2022	9456	3/2/2022	36	\$0.00	\$0.00	\$102.22	\$0.00	\$0.00	\$102.22
Bemidji Aviation	Invoice	3/3/2022	9453	4/2/2022	5	\$0.00	\$861.38	\$0.00	\$0.00	\$0.00	\$861.38
BKR Investments DBA Duluth Pack						\$0.00	\$225.00	\$225.00	\$0.00	\$0.00	\$450.00
Bodin, Joelle	Invoice	11/9/2021	8897	12/9/2021	119	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01
Brown, James	Invoice	12/15/2021	9015	1/14/2022	83	\$0.00	\$0.00	\$0.00	\$7.00	\$0.00	\$7.00
Budget Rent A Car						\$0.00	\$1,716.75	\$0.00	\$0.00	\$12,640.95	\$14,357.70
Churchill, Sean						\$0.00	\$199.35	\$264.35	\$0.00	\$0.00	\$463.70
Cirrus Design Corporation						\$0.00	\$13,975.09	\$3,615.48	\$6,462.60	\$5,124.32	\$29,177.49
City of Duluth						\$0.00	\$1,918.72	\$1,668.72	\$0.00	\$0.00	\$3,587.44
Clobes, Nathan	Invoice	1/24/2022	9208	2/23/2022	43	\$0.00	\$0.00	\$153.00	\$0.00	\$0.00	\$153.00
Compudyne	Invoice	3/1/2022	9398	3/31/2022	7	\$0.00	\$32.44	\$0.00	\$0.00	\$0.00	\$32.44
Dal Santo, Frances M	Invoice	3/1/2022	9413	3/31/2022	7	\$0.00	\$199.35	\$0.00	\$0.00	\$0.00	\$199.35
Delta Airlines						\$0.00	\$71,502.97	\$0.00	\$0.00	\$0.00	\$71,502.97
Divine Carriers						\$0.00	\$132.65	\$132.65	\$132.65	\$0.00	\$397.95
Duluth Hangar, LLC	Invoice	3/1/2022	9400	3/31/2022	7	\$0.00	\$765.35	\$0.00	\$0.00	\$0.00	\$765.35
Enterprise Leasing Company	Invoice	12/31/2020	8042	1/30/2021	432	\$0.00	\$0.00	\$0.00	\$0.00	\$64,846.42	\$64,846.42
Federal Aviation Administration						\$0.00	\$13,026.00	\$133,243.00	\$0.00	\$0.00	\$146,269.00
Federal Express Corporation						\$0.00	\$230.00	\$1,520.00	\$0.00	\$0.00	\$1,750.00
FEMA	Invoice	10/19/2021	8788	11/18/2021	140	\$0.00	\$0.00	\$0.00	\$0.00	\$9,391.33	\$9,391.33
General Services Administration	Invoice	3/1/2022	9392	3/31/2022	7	\$0.00	\$5,298.61	\$0.00	\$0.00	\$0.00	\$5,298.61
Goritchan Boris						\$0.00	\$0.00	\$0.00	\$0.00	\$879.00	\$879.00
Grimsbo, Gerald	Invoice	1/24/2022	9216	2/23/2022	43	\$0.00	\$0.00	\$153.00	\$0.00	\$0.00	\$153.00
GSSC						\$0.00	\$125.00	\$614.00	\$0.00	\$0.00	\$739.00
Gunderson, Gregory	Invoice	1/11/2022	9132	2/10/2022	56	\$0.00	\$0.00	\$125.00	\$0.00	\$0.00	\$125.00
Hagberg, Rick						\$0.00	\$199.35	\$199.35	\$0.00	\$0.00	\$398.70
Hall John	Invoice	3/1/2022	9377	3/31/2022	7	\$0.00	\$277.39	\$0.00	\$0.00	\$0.00	\$277.39
Hatfield, Dan	Invoice	3/1/2022	9409	3/31/2022	7	\$0.00	\$199.35	\$0.00	\$0.00	\$0.00	\$199.35
Hausmann, Jeff	Invoice	12/15/2021	8992	1/14/2022	83	\$0.00	\$0.00	\$0.00	\$2,000.00	\$0.00	\$2,000.00
Hermantown Hydraulics						\$0.00	\$656.21	\$656.21	\$656.21	\$824.84	\$2,793.47
Hillman Colin	Invoice	3/1/2022	9420	3/31/2022	7	\$0.00	\$300.00	\$0.00	\$0.00	\$0.00	\$300.00
Hydro Solutions, Inc.	Invoice	3/1/2022	9378	3/31/2022	7	\$0.00	\$3,466.75	\$0.00	\$0.00	\$0.00	\$3,466.75

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT	2/6/2022 - 3/7/2022 (30)	1/7/2022 - 2/5/2022 (60)	12/8/2021 - 1/6/2022 (90)	BEFORE 12/8/2021 (>90)	TOTAL
						Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance
JayBee Travel	Invoice	2/16/2022	9348	3/18/2022	20	\$0.00	\$160.00	\$0.00	\$0.00	\$0.00	\$160.00
Johnson, Joel	Invoice	3/7/2022	9457	4/6/2022	1	\$0.00	\$81.80	\$0.00	\$0.00	\$0.00	\$81.80
Johnson, Josiah H	Invoice	3/1/2022	9389	3/31/2022	7	\$0.00	\$100.00	\$0.00	\$0.00	\$0.00	\$100.00
Johnson, Richard	Invoice	3/1/2022	9405	3/31/2022	7	\$0.00	\$456.70	\$0.00	\$0.00	\$0.00	\$456.70
Johnston, Paul						\$0.00	\$199.35	\$77.00	\$6.00	\$0.00	\$282.35
Kleen-Tech Services, LLC	Invoice	3/2/2022	9432	4/1/2022	6	\$0.00	\$200.00	\$0.00	\$0.00	\$0.00	\$200.00
Lake Country Air, LLC	Invoice	3/4/2022	9450	4/3/2022	4	\$0.00	\$2,057.05	\$0.00	\$0.00	\$0.00	\$2,057.05
Lake Superior Helicopters						\$0.00	\$1,602.29	\$0.00	\$0.00	\$0.00	\$1,602.29
Larsen, Shane	Invoice	9/29/2021	8705	10/29/2021	160	\$0.00	\$0.00	\$0.00	\$0.00	\$434.86	\$434.86
Love Creamery	Payment	11/16/2021	7893	11/16/2021	112	\$0.00	\$0.00	\$0.00	\$0.00	(\$60.00)	(\$60.00)
Mark Marino						\$0.00	\$0.00	\$1,952.88	\$0.00	\$0.00	\$1,952.88
Marsden BLD Maint. DBA Crystal Clean of the North						\$0.00	\$215.00	\$96.00	\$0.00	\$0.00	\$311.00
Maurices, Inc.	Invoice	3/1/2022	9422	3/31/2022	7	\$0.00	\$900.00	\$0.00	\$0.00	\$0.00	\$900.00
Messerer Jon	Invoice	6/9/2021	8341	7/9/2021	272	\$0.00	\$0.00	\$0.00	\$0.00	\$0.48	\$0.48
Minnesota Air National Guard	Invoice	2/10/2022	9334	3/12/2022	26	\$0.00	\$4,190.16	\$0.00	\$0.00	\$0.00	\$4,190.16
Minnesota Power						\$0.00	\$466.46	\$0.00	\$466.46	\$912.64	\$1,845.56
Monaco Air Duluth						\$0.00	\$6,923.22	\$2,073.86	\$0.00	\$0.00	\$8,997.08
Mountain Air Cargo						\$0.00	\$1,549.68	\$1,549.68	\$1,549.68	\$0.00	\$4,649.04
National Bank of Commerce	Invoice	12/15/2021	9006	1/14/2022	83	\$0.00	\$0.00	\$0.00	\$2,000.00	\$0.00	\$2,000.00
Northland Constructors, Inc.	Invoice	3/1/2022	9385	3/31/2022	7	\$0.00	\$181.50	\$0.00	\$0.00	\$0.00	\$181.50
Oakwells CR, LLC						\$0.00	(\$7,420.55)	(\$17,137.51)	\$0.00	\$0.00	(\$24,558.06)
Oltman Robert	Payment	2/15/2022	8263	2/15/2022	21	\$0.00	(\$153.00)	\$0.00	\$0.00	\$0.00	(\$153.00)
On Site Enterprises, Inc	Credit Memo	2/3/2022	279	2/3/2022	33	\$0.00	\$0.00	(\$6,257.70)	\$0.00	\$0.00	(\$6,257.70)
Opack Matthew Jr.	Invoice	3/1/2022	9418	3/31/2022	7	\$0.00	\$202.81	\$0.00	\$0.00	\$0.00	\$202.81
Palmer, John	Invoice	3/1/2022	9419	3/31/2022	7	\$0.00	\$202.81	\$0.00	\$0.00	\$0.00	\$202.81
Parthe, Lance						\$0.00	\$257.35	\$514.70	\$0.00	\$250.35	\$1,022.40
Paulson, Jason	Invoice	1/24/2022	9223	2/23/2022	43	\$0.00	\$0.00	\$102.00	\$0.00	\$0.00	\$102.00
Payne, Robert	Invoice	3/1/2022	9403	3/31/2022	7	\$0.00	\$257.35	\$0.00	\$0.00	\$0.00	\$257.35
QMS, INC.						\$0.00	\$250.00	\$450.83	\$288.16	\$35.52	\$1,024.51
Rathbun, David	Invoice	3/1/2022	9411	3/31/2022	7	\$0.00	\$199.35	\$0.00	\$0.00	\$0.00	\$199.35
Rehabilitation Counselors, Inc.	Payment	8/19/2019	5002	8/19/2019	932	\$0.00	\$0.00	\$0.00	\$0.00	(\$75.00)	(\$75.00)
Republic Parking System	Invoice	1/31/2022	9427	3/2/2022	36	\$0.00	\$0.00	\$90,665.82	\$0.00	\$0.00	\$90,665.82
RS&H						\$0.00	\$2,292.05	\$0.00	\$0.00	\$0.00	\$2,292.05
Safstrom Jon	Payment	2/1/2022	8194	2/1/2022	35	\$0.00	\$0.00	(\$153.00)	\$0.00	\$0.00	(\$153.00)
Security Jewelers	Invoice	3/1/2022	9402	3/31/2022	7	\$0.00	\$250.00	\$0.00	\$0.00	\$0.00	\$250.00
SEH	Invoice	3/2/2022	9438	4/1/2022	6	\$0.00	\$125.00	\$0.00	\$0.00	\$0.00	\$125.00
Shelter Dog Inc.						\$0.00	\$0.00	(\$617.00)	\$0.00	\$41.50	(\$575.50)
Snihurowych, Mark	Payment	12/7/2021	7975	12/7/2021	91	\$0.00	\$0.00	\$0.00	\$0.00	(\$153.00)	(\$153.00)
Stevens, Mike	Invoice	3/1/2022	9414	3/31/2022	7	\$0.00	\$199.35	\$0.00	\$0.00	\$0.00	\$199.35
Sun Country, Inc. dba Sun Country Airlines						\$0.00	\$120.00	\$0.00	\$160.00	\$0.00	\$280.00

CUSTOMER	TRANSACTION TYPE	TRANSACTION DATE	TRANSACTION NUMBER	DUE DATE	AGE	CURRENT	2/6/2022 - 3/7/2022 (30)	1/7/2022 - 2/5/2022 (60)	12/8/2021 - 1/6/2022 (90)	BEFORE 12/8/2021 (>90)	TOTAL
						Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance
Sundquist, Margie						\$0.00	\$0.00	\$0.00	\$153.00	\$153.00	\$306.00
Sydow Dan						\$0.00	\$257.35	\$257.35	\$0.00	\$250.17	\$764.87
The Landline Company						\$0.00	\$5,350.14	\$768.00	\$0.00	\$0.00	\$6,118.14
Transportation Security Administration						\$0.00	\$8,866.33	\$9,264.67	\$0.00	\$0.00	\$18,131.00
unifi						\$0.00	\$2,260.00	\$4,224.00	\$0.00	\$0.00	\$6,484.00
Urban Electric	Invoice	2/9/2022	9323	3/11/2022	27	\$0.00	\$175.00	\$0.00	\$0.00	\$0.00	\$175.00
Weeks, Christopher G	Invoice	1/24/2022	9227	2/23/2022	43	\$0.00	\$0.00	\$12.00	\$0.00	\$0.00	\$12.00
Werpy, Jonas	Invoice	3/1/2022	9410	3/31/2022	7	\$0.00	\$199.35	\$0.00	\$0.00	\$0.00	\$199.35
Wicklein, John						\$0.00	\$0.00	\$153.00	\$153.00	\$0.00	\$306.00
Williams, Ron	Invoice	3/1/2022	9415	3/31/2022	7	\$0.00	\$199.35	\$0.00	\$0.00	\$0.00	\$199.35
Total						\$0.00	\$151,087.83	\$230,676.56	\$14,034.76	\$106,045.03	\$501,844.18

VII I

DULUTH AIRLINE STATISTICS ALL SCHEDULED AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2021/2022 PASS. INCREASE/DECREASE			
	2020	2021	2022	2020	2021	2022	2020	2021	2022	ORIG	% DIFF	TOTAL	% DIFF
JAN	12,946	5,183	9,558	11,437	4,677	8,809	24,383	9,860	18,367	4,375	84.41	8,507	86.28
FEB	12,774	5,182	10,312	12,337	5,041	9,590	25,111	10,223	19,902	5,130	99.00	9,679	94.68
MAR	7,703	7,169		8,842	6,544		16,545	13,713	-				
APR	577	6,758		666	7,055		1,243	13,813	-				
MAY	849	9,519		638	10,262		1,487	19,781	-				
JUN	1,494	9,403		1,526	9,598		3,020	19,001	-				
JUL	3,121	11,778		3,327	11,791		6,448	23,569	-				
AUG	5,727	12,727		5,754	12,128		11,481	24,855	-				
SEP	5,664	11,820		5,666	11,207		11,330	23,027	-				
OCT	5,652	11,285		5,059	10,305		10,711	21,590	-				
NOV	4,418	9,070		4,349	8,965		8,767	18,035	-				
DEC	4,449	10,575		4,533	10,587		8,982	21,162	-				
TOTAL	65,374	110,469	19,870	64,134	108,160	18,399	129,508	218,629	38,269	9,505	91.70	18,186	90.48

TOTALS WITH CHARTER INCLUDED

Month	Enplanements			Deplanements			Total
	2019	2020	2022	2020	2021	2022	
JAN	9,876	13,252	9,735	11,743	4,677	8,986	18,721
FEB	8,663	12,950	10,312	12,513	5,073	9,590	19,902
MAR	12,818	7,703	-	8,842	6,579	-	-
APR	11,666	577	-	666	7,055	-	-
MAY	12,687	849	-	638	10,262	-	-
JUN	14,895	1,494	-	1,526	9,598	-	-
JUL	16,390	3,121	-	3,327	11,791	-	-
AUG	16,982	5,727	-	5,754	12,128	-	-
SEP	15,400	5,664	-	5,666	11,207	-	-
OCT	15,224	5,823	-	5,230	10,478	-	-
NOV	12,761	4,508	-	4,439	8,965	-	-
DEC	12,850	4,449	-	4,533	10,767	-	-
Total	160,212	66,117	20,047	64,877	108,580	18,576	38,623

DULUTH AIRLINE STATISTICS

DELTA AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2021/2022 PASS. INCREASE/DECREASE			
	2020	2021	2022	2020	2021	2022	2020	2021	2022	ORIG	%DIFF	TOTAL	%DIFF
JAN	6,698	3,814	5,461	6,026	3,629	4,845	12,724	7,443	10,306	1,647	43.18	2,863	38.47
FEB	6,401	3,916	5,996	6,244	3,890	5,612	12,645	7,806	11,608	2,080	53.12	3,802	48.71
MAR	3,973	4,668		4,777	4,379		8,750	9,047	-				
APR	331	4,045		438	4,396		769	8,441	-				
MAY	374	7,106		377	7,573		751	14,679	-				
JUN	685	6,589		680	6,828		1,365	13,417	-				
JUL	2,122	6,788		2,277	6,823		4,399	13,611	-				
AUG	3,487	7,484		3,595	7,281		7,082	14,765	-				
SEP	3,941	7,608		3,908	7,159		7,849	14,767	-				
OCT	3,576	7,483		3,411	6,721		6,987	14,204	-				
NOV	3,000	7,746		2,985	7,613		5,985	15,359	-				
DEC	3,029	6,588		3,131	6,610		6,160	13,198	-				
TOTAL	37,617	73,835	11,457	37,849	72,902	10,457	75,466	146,737	21,914	3,727	48.15	6,665	43.59

2022 Month	Non Rev	Revenue	2022 Non Rev	Revenue	Total
JAN	141	5,320	157	4,688	10,306
FEB	161	5,835	159	5,453	11,608
MAR					-
APR					-
MAY					-
JUN					-
JUL					-
AUG					-
SEP					-
OCT					-
NOV					-
DEC					-
Total	302	11,155	316	10,141	21,914

DULUTH AIRLINE STATISTICS

UNITED AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2021/2022 PASS. INCREASE/DECREASE			
	2020	2021	2022	2020	2021	2022	2020	2021	2022	ORIG	%DIFF	TOTAL	%DIFF
JAN	4,031	1,369	2,234	3,300	1,048	2,079	7,331	2,417	4,313	865	63.18	1,896	78.44
FEB	3,850	1,266	2,179	3,678	1,151	2,114	7,528	2,417	4,293	913	72.12	1,876	77.62
MAR	2,168	2,501		2,351	2,165		4,519	4,666	-				
APR	122	2,713		128	2,659		250	5,372	-				
MAY	475	2,413		261	2,689		736	5,102	-				
JUN	809	2,814		846	2,770		1,655	5,584	-				
JUL	999	4,990		1,050	4,968		2,049	9,958	-				
AUG	2,240	5,243		2,159	4,847		4,399	10,090	-				
SEP	1,723	4,212		1,758	4,048		3,481	8,260	-				
OCT	2,076	3,802		1,648	3,584		3,724	7,386	-				
NOV	1,418	1,324		1,364	1,352		2,782	2,676	-				
DEC	1,420	2,635		1,402	2,812		2,822	5,447	-				
TOTAL	21,331	35,282	4,413	19,945	34,093	4,193	41,276	69,375	8,606	1,778	67.65	3,772	78.03

Month	2022		2022		Total
	Non Rev	Revenue	Non Rev	Revenue	
JAN	56	2,178	57	2,022	4,313
FEB	93	2,086	89	2,025	4,293
MAR					
APR					
MAY					
JUN					
JUL					
AUG					
SEP					
OCT					
NOV					
DEC					
Total	149	4,264	146	4,047	8,606

DULUTH AIRLINE STATISTICS

SUN COUNTRY AIRLINES

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2021/2022 PASS. INCREASE/DECREASE			
	2020	2021	2022	2020	2021	2022	2020	2021	2022	ORIG	%DIFF	TOTAL	%DIFF
JAN			1,863			1,885		-	3,748	1,863	-	3,748	-
FEB			2,137			1,864		-	4,001	2,137	-	4,001	-
MAR								-	-				
APR								-	-				
MAY													
JUN													
JUL													
AUG													
SEP													
OCT													
NOV													
DEC		1,352			1,165			2,517	-	(1,352)	-	(2,517)	-
TOTAL	-	1,352	4,000		1,165	3,749	-	2,517	7,749	2,648	-	5,232	-

Month	2022		2022		Total
	Non Rev	Revenue	Non Rev	Revenue	
JAN	3	1,860	20	1,865	3,748
FEB	7	2,130	6	1,858	4,001
MAR					
APR					
MAY					-
JUN					-
JUL					-
AUG					-
SEP					-
OCT					-
NOV					-
DEC	6	1,346	5	1,160	2,517
Total	16	5,336	31	4,883	10,266

DULUTH AIRLINE STATISTICS CHARTERS

MONTH	ENPLANEMENTS			DEPLANEMENTS			TOTAL PASSENGERS			2021/2022 PASS. INCREASE/DECREASE			
	2020	2021	2022	2020	2021	2022	2020	2021	2022	ORIG	% DIFF	TOTAL	% DIFF
JAN	306	-	177	306	-	177	612	-	354	177	100.00	354	100.00
FEB	176	32	-	176	32	-	352	64	-	(32)	(100.00)	(64)	(100.00)
MAR	-	35	-	-	35	-	-	70	-				
APR	-	-	-	-	-	-	-	-	-				
MAY	-			-			-	-	-				
JUN	-			-			-	-	-				
JUL							-	-	-				
AUG							-	-	-				
SEP	-			-			-	-	-				
OCT	171	213	-	171	173	-	342	386	-				
NOV	90	250	-	90			180	250	-				
DEC	-	-	-	-	180	-	-	180	-				
TOTAL	743	530	177	743	420	177	1,486	950	354	145	-	290	-

Month	2022						Total
	Endeavor	SUN CO.	JET BLUE	VISION	Hillwood	Allegiant	
JAN		354					354
FEB		-					-
MAR							-
APR							-
MAY							-
JUN							-
JUL							-
AUG							-
SEP							-
OCT							-
NOV							-
DEC							-
Total	-	354		-	-	-	354

DLH Cargo Stats

Mountain Air Cargo / Fed Ex			Bemidji Air UPS			Combined Total		Combined Total		Difference	
2022			2022			2022		2021		Increase/(Decrease)	
Month	Freight In	Freight Out	Month	Freight In	Freight Out	Freight In	Freight Out	Freight In	Freight Out	Freight In	Freight Out
January	91,277	38,751	January	33,489	22,036	124,766	60,787	117,686	63,453	7,080	(2,666)
February	98,869	38,020	February	33,435	21,627	132,304	59,647	104,107	60,026	28,197	(379)
March			March					150,825	71,421		
April			April					165,012	84,519		
May			May					170,644	72,673		
June			June					167,254	82,290		
July			July					172,320	83,694		
August			August					159,230	82,627		
September			September					172,721	88,249		
October			October					154,556	94,143		
November			November					138,863	87,836		
December			December					173,710	74,203		
<u>190,146</u> <u>76,771</u>			<u>66,924</u> <u>43,663</u>			<u>257,070</u>	<u>120,434</u>	<u>1,846,928</u>	<u>945,134</u>	<u>35,277</u>	<u>(3,045)</u>

2022 Landline Passengers

	Arrivals			Departures				2021 Grand	
	Revenue	Non-Rev	Total	Revenue	Non-Rev	Total	Grand Total	Total	Inc /Dec
January	774	62	836	912	56	968	1804	501	1303
February								391	
March								447	
April								636	
May								1193	
June								1981	
July								2550	
August								2317	
September								1448	
October								1885	
November								2059	
December								2423	
	774	62	836	912	56	968	1804	17831	1303