DULUTH AIRPORT AUTHORITY

Duluth Airport Authority
Meeting Minutes
August 18, 2026

MEETING LOCATION: Sky Harbor Airport

DIRECTORS PRESENT:
Jason Crawford, President
Sandy Hoff, Vice President
Briana Johnson, Secretary
Gary Black
Pat deGrood (arrived at 8:03 a.m.)
Michael Henderson
Kevin O'Brien

OTHERS PRESENT:
Tom Werner, DAA Executive Director
Ryan Welch, DAA Dir. of Operations, Planning, and Construction
Jana Kayser, DAA Dir. of Business Development
John Graves, DAA Facilities Manager
Cole Venberg, Sky Harbor Airport Manager
Elizabeth Schelde, DAA Accountant
Aimee Bone, DAA Administrative Coordinator
Jaimie Domagala, Fraction, LLC
Shawn McMahon, SEH
Kaci Nowick, SEH

OTHERS PARTICIPATING VIA ELECTRONIC MEANS:
Samantha Goodall, DAA Finance Intern
Horeya Czaplewski, EXP
Phillip Scott, EXP
Lydia deGrood, Giant
Joseph Uhlhorn, H+U
Nathan Niemann, H+U
Paul Huston, HNTB
Eric Monson, Lake Superior Helicopters/Ascent Aviation
Matthew Stewart, SEH

CALL TO ORDER: Dir. Crawford called the DAA board meeting to order at 8:00 a.m.

Dir. Crawford invited Mr. Tom Werner to provide the Executive Director's Review.

I. *EXECUTIVE DIRECTOR'S REVIEW

A. **Air Service:** Mr. Werner provided an update on the current air service with a presentation.
- Year-to-date enplanements remain flat at about 0% growth over 2025. Delta was down 1%, and United was down 17% compared to July 2025. Enplanements were down 8% compared to July 2025.
- Load factors also remain strong, with both Delta and United in the mid-80s%.

  - Delta capacity is at a 1% increase year to date in terms of seats, with monthly decrease of 3% compared to July 2025. United has had a year-to-date increase of 24% and a 16% decrease for the month of July.
  - Market share data shows United with 37% of total seats in the market and Delta at 63%.
- National Air Service News: Mr. Werner stated that there's not any new items to share with regards to national air service news.
- Local Air Service News: Mr. Werner shared that there isn't much new to share on the local air service side but noted that one of the DAA's close community partners, the Duluth Chamber Foundation, is undergoing a period of transition. Mr. Werner shared that the DAA does have air service projects closely tied with the foundation, things are in a bit of a holding pattern while he works with chamber leadership to determine which projects are achievable in the medium and long-term future. Mr. Werner anticipates having an update in future months.

B. **Operations/Construction/Planning:** Mr. Welch provided the following updates:
- DLH Fuel Replacement System: Mr. Welch shared that they will be breaking ground on this project on August 24th. The dirt work, all of the underground utilities, and paving will be done around the end of October if things stay on schedule. After that, there will be a little bit of a pause while the tanks are being manufactured, with an expectation of arrival around December 1st. Substantial completion of the project is expected by end of year.
- 9/27 Shoulder Replacement: Mr. Welch shared that design for the project is underway, and they're informing that design with a LIDAR survey that was just completed.
- Midfield Ramp: The DAA is attempting to leverage a civil military partnership for grant opportunities to complete the midfield ramp. Mr. Welch anticipates a possible update in September.
- Air Traffic Control Tower (ATCT) Update:
- Mr. Welch shared that the enabling project is moving along and are currently at about 90-100% designed for the demolition of Hangar Two. The bid for the hangar demolition will likely go out in spring 2027, depending on factors such as cash flow and sequencing the different enabling projects. ATCT substantial completion of the is expected around February or March of 2028, with a transitionary period following that to enable the FAA to move fully from the old tower to the new one. The current anticipated time for that to be completed is spring 2029.
    - Mr. Welch asked if anyone had any questions. Director Hoff confirmed that it would take a year to get the new ATCT up and running once substantial completion is done. Mr. Welch confirmed this and added that there will be two ATCT operating simultaneously for a period of months until validation that the new tower is up and running until the new one is validated but should be seamless for those aircraft flying in and out.
- Cash Flow: Mr. Welch shared that cash flow continues to be front of mind and is monitored daily. He added that Ms. Domagala will discuss it further at today's meeting.
- Mr. Welch reiterated that collaboration with the DAA's stakeholder continues via methods of communication such as meetings, e-mails, newsletters, etc. as the various construction projects continue.
- Mr. Welch shared slides with photos of the ATCT slab (which required 758 yards of concrete and 80 truckloads) and progress with the utilities moved underground.
- Taxiway Alpha: Mr. Welch shared that there have been some delays related to the large volume of organic soils that were encountered. 6A construction has been ongoing, and 6B and the midfield ramp were started after the air show concluded. 6A-1 includes

targeted weekend closures (first one anticipated to be on August 28th starting at 8:30 AM) to facilitate the connection of taxiway whiskey which will be Alpha Two once completed. Mr. Welch shared that the weekly construction meetings and bi-weekly tenant meetings will help to keep everyone up to date on the projects.

- Mr. Werner asked Mr. Welch what action has been taken to mitigate disruption to tenants during 60-hour closure. Mr. Welch responded that the airlines and other tenants were warned in July that the closure was coming. It is also discussed at the meetings that Mr. Welch mentioned. Runway 3/21 will be available and able to facilitate all commercial and GA aircraft that fly in and out of DLH, thus no disruptions are expected for air traffic.

- Dir. Hoff asked if the organic soils are contaminated, and Mr. Welch shared no, and further discussed to say that it's soil that hasn't been used before and is quite extensive, and shared an image of the scope of the volume of organic material.
- Mr. Welch shared further details and images of updates to both the midfield and taxiway Alpha projects.
- Mr. Welch next discussed the labor shortage currently in DAA operations, which includes the departure of Public Safety Manager, Mr. Matt Snell. Both Mr. Welch and Mr. Werner discussed rebalancing the staff for the time being to ensure all areas are covered.
- Mr. Welch next shared that Mr. Cole Venberg was able to attend the Osh Kosh Air Show and support the MnDOT aviation booth, as well as promoting Sky Harbor, and building relationships with the general aviation population and maintaining the partnership with MnDOT.
- Mr. Welch also shared that the DAA received a grant from the state to improve the stormwater treatment at DYT, and the project could also reduce Sky Harbor's runoff fees by up to 90%, or around $12,000 per year.

C. **Business/Property Development:** Ms. Kayser provided an update on the following:

- Building 311 Sewer Line: Ms. Kayser shared that the initial proposed cost were quite high, but Cirrus was able to obtain a significantly reduced rate for the project. The DAA has signed an approval agreement for Cirrus to repair the line in the next several weeks.
- Cirrus Innovation Center Parking Lot: Ms. Kayser shared that Cirrus has requested to expand the parking lot at the innovation center, and they are working through an airspace study for the construction. The FAA has already reviewed the study, and Cirrus will be working through that, which will include moving the fence.
- Sky Harbor RFP: Ms. Kayser shared that the successful proposal for the Sky Harbor RFP was met with some hurdles by the fire marshal. The dry hydrant at DYT has reached its limit before further hangar expansion can take place. The DAA is currently looking at options for adding an additional dry hydrant. Ms. Kayser anticipates to have updates on the status in the next couple of months.
    - Dir. Hoff asked if the single dry hydrant was the one outside the hangar at DYT where the board meeting is this month, and Ms. Kayser confirmed that it is. Mr. Welch also discussed with Ms. Kayser and Dir. Hoff several factors about the dry hydrant.
- LifeLink III Project Update: Ms. Kayser shared that the hangar reached substantial completion yesterday and shared updated photos of the hangar. Ms. Kayser shared that the walk-through went well and just had minor notes, such as paint touchups that need to be completed. The certificate of occupancy is anticipated to be issued in the next couple of days, their move-in date is scheduled for September 9, 2026, and there will be a ribbon cutting in October.

- Lake Superior College Canopy Installation: Ms. Kayser reminded that this is a safety project that has been in progress due to snow and ice sliding down the roof over the building entrance and a potential safety hazard. The anticipated completion date will be August or September 2026 and pausing work during the students' first week returning to school.
- Mr. Werner asked Ms. Kayser to discuss the progress on the hangar 101 pad with Cirrus and the EDA grant funds and MnDOT funding gap. Ms. Kayser shared that the grant is currently being finalized and that later in the meeting there will be a resolution pertaining to the matter. Ms. Kayser also added that Cirrus is also working on the hush house design. Ms. Kayser also mentioned that a portion of the aforementioned EDA funding will be used to rehab hangar 104, which is in dire need of repair. The hangar is owned half by the DAA, and the other half is owned by Vantage Aviation.
    - Dir. Hoff asked if the DAA will be working with Vantage on the funding for Hangar 104 to fix both sides, and Ms. Kayser shared that it'll be just the DAA side, which hasn't had the updates that the Vantage side has. It's possible that some coordination could occur if there were cost-savings opportunities should arise for the Vantage side of the building.
- Mr. Werner also shared that in addition to Ms. Kayser's additional task in addition to her usual role at DAA, which is to mentor the Accounts Receivable intern, Ms. Samantha Goodall. Mr. Werner shared that Ms. Kayser is doing a tremendous job in this mentorship role.

D. **Financial Update:** Ms. Domagala provided an update on the following:
- Finance Department HR Updates: Ms. Domagala shared that Ms. Bodin is on leave and will return sometime in December. Ms. Domagala is fulfilling Ms. Bodin's role while she is on leave. Also, Ms. Jenny Delnay is on leave and also returning on December 10, 2026. Ms. Samantha Goodall is covering for Ms. Delnay's role during her leave.
- 2027 Budget Process: Ms. Domagala shared that department budgets are currently in her possession. During the months of August and September, she will review them, compile, and set rates. In October or November, a draft review will go to the board, followed by approval by the board in November or December.
- Quarter Two Financial Updates: Ms. Domagala shared that this data is also in the board packet.
    - Q2 Operating Revenue: The operating revenue is currently almost $240,000 over budget on its income line and total expenses running almost $94,000 under what was projected. In total, ordinary income is $330,000 above what was anticipated. Non-Aeronautical revenue was $198,000 over budget, which is related to parking lot fees. Non-passenger aeronautical revenue is $9,000 over budget, and passenger airline aeronautical revenue is $32,500 over budget. Non-operating revenue is $25,000 over budget for PFC, and interest income is under budget by $6,700.
        - Dir. Hoff complimented the team on being $300,000 positive on the budget.
    - Q2 Expense Updates: Ms. Domagala shared that operating expenses overall were $93,819 under budget. Personnel, comp benefits, and retiree benefits were around $90,000 under budget wages. Services & charges were $70,000 under budget, supplies were $55,000 over budget, and miscellaneous was $12,000 over budget, due to property tax bill increases. Non-operating overall interest expense is $46,000 under budget but that will shift due to the utilization of the line of credit.

        - Ms. Kayser shared that we are exempt from property tax, but a few are general aviation hangers. Property tax is included in tenant monthly rent and then the DAA pays the property tax when it's collected. When tenants move in or out, and during that period of turnover, the DAA pays the tax.
        - Dir. O'Brien asked who the transaction fees for the parking lot go to, and Ms. Kayser shared that those are credit card fees.
- Project Cash Flow:
    - Ms. Domagala shared that the current $1.4 million cash available is less than the required $3 million, but that is due to nearly $6.5 million in outstanding grant receivables in various stages of being processed.
    - Ms. Domagala discussed the current aggressive construction schedule which heavily utilizes cash as the grants are on a reimbursable basis. Cash supports the local share of grants which do not have other sources of local reimbursement. Additionally, the DAA has a $10 million line of credit as of January 1, 2026, with the City of Duluth. This can be utilized to support construction payments while awaiting grant reimbursement. Currently, the line of credit has an outstanding $1.2 million balance, and the DAA expects to access additional funds to make estimated September construction payments of $6.5 million. Ms. Domagala added that the state has a new reimbursement system, which has slowed the process of reimbursement while it's being implemented. It is possible that the DAA may approach the board for a increase on the line of credit as projections are made in the near future.
        - Mr. Werner thanked Ms. Domagala for the tremendous work on the cash analysis and the work that she's doing to help manage the financial aspects of this construction period. Mr. Werner added that the DAA has projected that there will be payments to construction contractors around $6-7 million by end of year, and it is unlikely that the government will process reimbursements on pace with the payment schedule with the number of factors to process. The line of credit helps bridge that time between the payments and reimbursements, and the finance and operation teams are doing a tremendous job of analyzing this and taking the necessary steps for approval, and advocacy by the DAA board. Mr. Werner also shared that the FAA recently informed the DAA that it may not be able to do Phase 7 of the taxiway Alpha project in 2027 because the discretionary money may not be available. The estimated $13 million project may be pushed back a year, and Mr. Werner is working with the DAA staff to analyze the situation and anticipates an update at the next board meeting and ongoing monthly updates.
- Debt Service:
    - Ms. Domagala shared graphics of the DAA debt service outlook and shared several payments that will fall over the next several years. These include the DLH terminal, parking ramp, and hangar 103 loans. Ms. Domagala anticipates that there will be analysis and ongoing conversations on financial utilization as this debt falls off.
- Mr. Werner complimented Ms. Domagala on the financial analysis.
- Dir. Hoff stated that the line of credit is a positive tool for leverage of timing for payments of projects that will help further success of the airport.

- Dir. Johnson thanked Ms. Domagala for all of her and the DAA's work. It is appreciated. Mr. Werner added that the team is strong and working through challenges. Data analysis, communication with agency partners, and other aspects are all solid.
    - Dir. Henderson added that since the line of credit was planned, that it's his understanding that any future advocacy to the city for an increase is reiterating that it is a bridge for incoming reimbursable funds, and asked Mr. Werner if there is anything else to add? Mr. Werner said that is indeed the situation.

E. **Marketing/Communications:** Mr. Werner shared updates on Ms. Baker's behalf:
    - Quarter Two 2026 Marketing Metrics: Mr. Werner shared that the team at Giant has been tremendous in obtaining this data. Mr. Werner shared key performance metrics with regards to the following:
        - Google Search Campaigns; targeting Duluth and surrounding areas up to an hour out. This contains airport search words, relevant words, and performance data, with both DLH campaigns and geo-targeting MSP, which have done well. Year over year, DAA has spent less in Q2, but the campaigns have performed better in 2025 than they have in the past.
            - Impressions: 48,300
            - Click-through rate: 20.5%
            - Clicks: 9,900
            - Cost-per-click: $0.17
        - Mr. Werner shared that the goal is to target how the customer is searching for the airport, air service, with keywords. Performance was strong with some of the keywords, with click-through rates at 8-9 times the average rate.
        - Mr. Werner then shared a map of the geographic target area for the campaigns; as he had mentioned, it includes the Duluth area as well as up to an hour out in all directions. This also ensures that the DAA stays compliant with the law as a marketing grant was received from the state, and the marketing area cannot be outside of that distance.
        - Mr. Werner shared that key performance metrics can be attributed to both paid and organic efforts.
        - Mr. Werner also shared data about the following Key Performance Metrics:
            - New Users: 26,000
            - Total Users: 27,000
            - Engaged Sessions: 22,500
            - Engagement Rate: 48.58%
            - Average Session Duration: 03:25
        - Mr. Werner shared a pie chart with a breakdown of user types per session; it was noted that half of the users in this quarter came from paid media efforts, with the other half organic being searches.
        - Mr. Werner also shared the top pages per sessions as well as top sources. The top page per session is the DLH home page, and top source is organic google searching.
        - Mr. Werner shared key performance metrics via paid social media and images of the top performing creative messaging ads. Additionally, data was shared that reflected a total of 966,000 total impressions in Q2. Tactics deployed included a static billboard in Superior, a print ad in the "Duluthian,"

two “Positively Superior” print ads, and during the month of April, several local TV and radio ads.

- Dir. Hoff shared that the media approach seems to be to remind people of that flying via DLH is comparable to MSP when considering drive time and potential hotel costs, etc. Mr. Werner responded that that has always been a central message for marketing travel through DLH. The regional messaging is important in how passengers will spend their discretionary funds for travel and costs. Mr. Werner shared that DLH has historically been competitive and outperformed MSP when all data is compared. Mr. Werner expressed his gratitude towards the DAA’s partnership with Giant and the tremendous work they do with our marketing and their knowledge of the regional market.

F. **Legislative Update:** Mr. Werner provided an update on the following:
- Following up on discussion of this matter at a previous board meeting, Mr. Werner confirmed that at the end of the legislative session, the DAA was appropriated $2 million of $4 million. Mr. Werner shared that the legislative intent is to issue the other $2 million in the next legislative session and the DAA will continue to work on obtaining the funds.

G. **Presentations/Tours/Travel Recap:**
- NSR

H. **Other:**
- DLH Rules and Standards Review: Mr. Werner shared the second public engagement process with the next draft has been produced and will be available on the DLH website for public review until September 8, 2026. There will be engagement with stakeholders, and comments via email will be sent as was done in the first round. The comments will be available in future board packets as they are received, so that there is visibility on the commentary that the DAA is receiving. Mr. Werner also shared that for key stakeholders at DLH, individual invitations have been sent to meet with the project team with the red line version to have insight as changes are being proposed. Mr. Werner said that this will take place leading up to the September board meeting. There will be progress updates at the meeting and the proposed changes document, as well as a presentation from the project team about the proposed changes and reason. This will be followed by a period of time to hear from constituents and then ask for final consideration on it at the October board meeting.

- Dir. Crawford thanked everyone for their reviews and moved to item II of the agenda.

II. *APPROVAL OF PREVIOUS MEETING MINUTES & OTHER CONSENT AGENDA ITEMS AS INDICATED BY *:

A. Approval of July 18, 2026 Meeting Minutes
- Dir. Crawford entertained questions or a motion.
  - Motion: Dir. O’Brien
  - Second: Dir. Hoff
  - Abstain: None

- Result: This resolution was adopted unanimously.

III. *DAA CASH DISBURSEMENTS

A. Operating Check Register #20, 2026; Operating ACH Payment Registers #18-20, 2026; Construction ACH Payment Registers #11-12, 2026.

IV. *CORRESPONDENCE

A. DLH Airport Construction Update Newsletters. Email.
   i. July 17, 2026
   ii. July 25, 2026
   iii. July 31, 2026
   iv. August 7, 2026
B. July 17, 2026: DLH Air Traffic Control Tower Construction Newsletter. Email.
C. July 15, 2026: Letter to Duluth City Administrator Karla Culhane from DAA RE: National Emergency Use Provision (NEUP) Removal from Airport Property for Development.
D. July 16, 2026: Letter to Senator Amy Klobuchar from DAA RE: Oppose the Inclusion of Section 105 in Final Aviation Safety Legislation (July 2026).
E. July 16, 2026: Crew Attrition Forces Sun Country Schedule Cuts. Airline Geeks.
F. July 28, 2026: Letter to DAA from Duluth Airshow RE: Thank You for Support of Duluth Airshow.
G. July 29, 2026: Allegiant Adds Free Drinks, Introduces New Class of Premium Seating. Allegiant Air Press Release.
H. August 5, 2026: Letter to City of Duluth from DAA RE: Duluth Airport Authority $10,000,000.00 Line of Credit Draw Request in the Amount of $2,723,000.00.

V. OPPORTUNITY FOR PERSONS TO BE HEARD

A. None.

VI. OLD BUSINESS

None.

VII. NEW BUSINESS

A. Resolution to Accept and Authorize the TSA Law Enforcement Officer Reimbursement Agreement Program Grant Award and Agreement, and any Future Modifications with Executive Director Approval.

- Ms. Domagala shared that essentially this is a reimbursement program for the armed officers at DLH. The program was discontinued several years ago but was reinstated. It is anticipated that the DAA will receive around $100,000 in reimbursement. Mr. Werner added that at this time there is not a contract because there are too many variables. This resolution serves as a pre-approval for DAA staff to execute the contract when the federal government produces it in final form.
  Dir. Crawford entertained questions or a motion.
  - Motion: Dir. Johnson
  - Second: Dir. Black
  - Abstain: None.
  - Result: This resolution was adopted unanimously.

B. Resolution to Approve the Duluth Airport Authority's Revised Air Carrier Incentive Program 2026-2027 for the Duluth International Airport.
   - Mr. Welch shared that the program has been in effect for the past couple of years, and an annual update is usually presented around the budgeting time of year if there is something to update. Mr. Werner is bringing the update to the board today because Sun Country will be serving Fort Myers this winter, and so it has been removed from the incentive destination list. If approved by the board today, it will go back on the DLH website in accordance with the FAA regulations.
     - Dir. Crawford entertained questions or a motion.
     - Motion: Dir. Hoff
     - Second: Dir. O'Brien
     - Abstain: None.
       Result: This resolution was adopted unanimously.

C. Resolution to Approve a $800 Employee Incentive Award for Mr. John Graves in Accordance with Operating Policy #5.
   - Mr. Werner shared that Mr. Graves recently provided outstanding service and assistance to a family that was traveling through DLH and Mr. Graves went above and beyond to make sure the family was taken care of when they were experiencing a stressful situation. Mr. Werner thanked Mr. Graves for his efforts and outstanding customer service.
     - Dir. Crawford entertained questions or a motion.
     - Motion: Dir. Johnson
     - Second: Dir. Henderson
     - Abstain: None.
       Result: This resolution was adopted unanimously.

D. Resolution to Approve Ground Lease Agreement for Hush House and Fuel Calibration Hangar between Cirrus Design Corporation and the Duluth Airport Authority.
   - Ms. Kayser shared that this is the agreement for the Cirrus Hush House on the former site of Hangar 101. The lease includes a 25-year base term plus one additional 25-year option term, as the FAA limit is 50 years. It includes a month-to-month provision upon expiration, and rent is consistent with other land lease tenants and includes a market rate adjustment that starts in January 2027, and the rent will be adjusted accordingly. Ms. Kayser shared that the lease is currently set at 22,400 square feet, with the possibility of expanding the footprint for a heated slab that Cirrus would like to have on their apron. If that does occur, an amendment will be sent forth. Ms. Kayser added that the ground lease is simply for Cirrus to lease the land and doesn't commit the DAA to any responsibility such as construction of the facility. There are aspects such as soil correction or stabilization that are associated with the DAA's taxilane project, and if Cirrus decides to move forward with their project before the DAA's work on the taxilane project, they'll be responsible for those costs.
     - Dir. Crawford entertained questions or a motion.
     - Motion: Dir. Hoff
     - Second: Dir. Black
     - Abstain: None.
       Result: This resolution was adopted unanimously.

E. *June 2026 Financial Reports

F. *August 2026 Accounts Receivable
G. *July 2026 Airline Statistics, Landline Statistics

VIII. DIRECTOR'S REPORTS

ADJOURN: Dir. Crawford requested a motion to adjourn the meeting.

- Motion: Dir. Henderson
- Second: Dir. O'Brien
- Abstain: None.
- Result: The meeting was adjourned at 9:15 a.m. unanimously.

Respectfully submitted,

Aimee Bone
Administrative Coordinator

Approved: Tom Werner Digitally signed by Tom Werner Date: 2026.09.08 09:53:39 -05'00'

DAA Executive Director