

FINANCE COMMITTEE

10-0467R

RESOLUTION ACCEPTING PHASE II BONDING GRANT MONIES IN THE AMOUNT OF \$11,700,000 AND AUTHORIZING THE EXECUTION OF AN AMENDED AND RESTATED GRANT AGREEMENT WITH THE STATE OF MINNESOTA AND AN AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING WITH THE DULUTH AIRPORT AUTHORITY RELATED TO PHASES I AND II OF THE DULUTH AIRPORT TERMINAL PROJECT AT THE DULUTH INTERNATIONAL AIRPORT.

CITY PROPOSAL:

WHEREAS, pursuant to Resolution 09-0432 adopted on July 13, 2009, the city accepted a state bonding grant in the amount of \$4,900,000 for Phase I of the Duluth airport terminal project and authorized the execution of a grant agreement with the state of Minnesota and a memorandum of understanding with the Duluth Airport Authority for Phase I; and

WHEREAS, the city has been awarded \$11,700,000 by the state of Minnesota for Phase II of the Duluth airport terminal project; and

WHEREAS, the state of Minnesota desires that the city enter into an amended and restated state bonding grant agreement relating to both phases I and II of the Duluth airport terminal project.

NOW, THEREFORE, BE IT RESOLVED, that the proper city officials are hereby authorized to accept a Phase II state bonding grant from the state of Minnesota in the amount of \$11,700,000 for the Duluth airport terminal project, said funds to be deposited into Fund 411 - permanent improvement fund and transferred to Fund 590 - Duluth Airport Authority.

FURTHER RESOLVED, that the proper city officials are hereby authorized to execute an amended and restated grant agreement with the state of Minnesota and all other documents related thereto, said agreement substantially in the form of that on file in the office of the city clerk as Public Document No. \_\_\_\_\_, related to phases I and II of the Duluth airport terminal project at the Duluth International Airport.

FURTHER RESOLVED, that the proper city officials are hereby authorized to enter into an amended and restated memorandum of understanding, substantially in

the form of that on file in the office of the city clerk as Public Document No. \_\_\_\_\_, with the Duluth Airport Authority pursuant to which the city will reimburse the authority for eligible costs under phases I and II of the Duluth airport terminal project.

Approved:

Approved for presentation to council:

\_\_\_\_\_  
Department Director

\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

Approved:

\_\_\_\_\_  
Attorney

\_\_\_\_\_  
Auditor

FIN/ATTY    JC:dma    9/1/2010

STATEMENT OF PURPOSE: In 2009, the city accepted state bonding grant monies in the amount of \$4,900,000 for Phase I of the Duluth airport terminal project. The city also entered into a grant agreement with the state as well as a memorandum of understanding with the authority for Phase I of the terminal project.

This resolution accepts Phase II state bonding grant monies in the amount of \$11,700,000. It also authorizes the execution of an amended and restated grant agreement with the state which encompasses both phases I and II. The state determined that certain requirements in the Phase I agreement could be eliminated and that the Phase I and Phase II grants could be wrapped into one amended and restated grant agreement. This resolution also authorizes an amended and restated memorandum of understanding with the airport authority for phases I and II. The airport authority enters into the agreements for the work to be performed on the project, and the city reimburses the airport authority for eligible costs.

Construction on Phase I began in 2009. Construction on Phase II commenced in the third quarter of 2010 and the new terminal is scheduled to be completed in the fourth quarter of 2012. In addition to the state bonding monies, funding sources include the FAA, Mn/DOT aeronautics, transportation security administration, and the Duluth Airport Authority. The total project cost for the new terminal and related infrastructure is estimated at \$65 million.