

FINANCE COMMITTEE

10-0543R

RESOLUTION AMENDING RESOLUTION NO. 10-0467 DELETING CERTAIN PUBLIC DOCUMENTS THEREFROM AND SUBSTITUTING OTHERS THEREFOR ALL 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;

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

WHEREAS, pursuant to Resolution 10-0467 adopted on September 13, 2010, the city authorized execution of an amended and restated state bonding grant agreement relating to both phases I and II of the Duluth airport terminal project;

WHEREAS, subsequent to the council's adoption of Resolution 10-0467, the state of Minnesota office of aeronautics required language regarding matching funds be added to the amended and restated state bonding grant agreement related to phases I and II of the Duluth airport terminal project.

NOW, THEREFORE, BE IT RESOLVED, that Resolution No. 10-0467 adopted on September 13, 2010, is hereby amended by deleting Public Document No. 10-0913-12 therefrom and replacing it with an 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 (the "amended and restated state bonding grant agreement").

FURTHER RESOLVED, that Attachment II, *Source and Use of Funds for the Project*, to said amended and restated state bonding grant agreement may be updated or amended from time to time as additional federal funding becomes

available to the airport terminal project; any such update or amendment to be agreed upon between the city's auditor and the state office of aeronautic's regional airport engineer.

FURTHER RESOLVED, that Resolution 10-0467 is hereby amended by deleting Public Document No. 10-0913-12 and replacing it with an agreement substantially in the form of that on file in the office of the city clerk as Public Document No. _____ pursuant to which the city will reimburse the Duluth airport 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 10/4/2010

STATEMENT OF PURPOSE: Pursuant to Resolution 10-0467, the City authorized the execution of an amended and restated grant agreement with the state which encompassed phases I and II of the new terminal project. The resolution also authorized an Amended and restated memorandum of understanding with the airport authority. The authority will be entering into contracts for the construction of the project and the city will reimburse the authority.

Subsequent to the council's approval, the state office of aeronautics made revisions to the amended and restated agreement, none of which were substantial except for one. That revision is found at Section 7.23 of the revised amended and restated agreement. Under the previous agreement approved by the council, Section 7.23 stated that the city was not required to obtain or supply any matching funds for the project. This was in error; the legislation authorizing the state funding specifically required a match. The match for these funds has been provided by the Duluth airport authority through funding previously received from the federal airport improvement program and was approved by the state on July 1, 2010. However, the state is requiring that the matching funds language be included in the agreement, thus necessitating council approval of a revised amended and restated grant agreement and a revised amended and restated memorandum of understanding with the Duluth airport authority. The resolution also provides that as additional federal funding is provided to the project that the city auditor and the state's project engineer may update Attachment II which is the source and use of funds for the project.