

STATE OF MINNESOTA

COUNTY OF AITKIN

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City of Aitkin )  
AND )  
County of Aitkin )

CONTRACTUAL AGREEMENT

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WHEREAS, the City of Aitkin hereinafter referred to as the City and the County of Aitkin, hereinafter referred to as the County, through their legislative bodies, established a joint City – County airport as documented in the Contractual Agreement dated September 8, 1971, in accordance with Minnesota Statutes 360 et seq.; and

WHEREAS, the legislative bodies have directed that the said Contractual Agreement dated September 8, 1971, be updated.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. IN GENERAL. The City and the County agreed each with the other to participate as hereinafter provided for the acquisition of a tract of land for the purposes of constructing, expanding and operating an airport thereon and to construct, maintain and operate the airport jointly as hereinafter provided.
2. CONTRIBUTION TO CAPITAL COSTS. The City and County, subject to qualifications hereinafter set out, shall contribute 1/3 and 2/3, respectively, to that portion of the cost of acquisition of the airport site and the capital costs of construction, improvement and development of the airport which are not covered by state and federal contributions thereto. An undivided 1/3 City, 2/3 County in land already acquired for airport purposes by the same shall be deeded without cost as necessary to maintain the required proportion to the following described land, to-wit:

The Northeast Quarter of the Northwest Quarter  
(NE ¼ of NW ¼ ) and Government Lot One (1) of Section  
Nineteen (19), Township Forty-Seven (47), Range  
Twenty-Six (26)

AND ALSO

2.23 acres of Lot One (1) as in Book 75 of Deeds, page 293 of Section Twenty-four (24), Township Forty-seven (47), Range Twenty-seven (27)

AND ALSO

The Southeast Quarter of the Southwest Quarter (SE ¼ of SW ¼ ) and the South Half of the Southeast Quarter (S ½ of SE ¼ ) in Section Eighteen (18) And the Northwest Quarter of the Northeast Quarter (NW ¼ of NE ¼ ) of Section Nineteen (19), ALL in Township Forty-seven (47), Range Twenty-six (26)

and located in the County of Aitkin, State of Minnesota.

AND ALSO

Any additional property acquired for airport purposes in the future.

3. AIRPORT COMMISSION. The AITKIN AIRPORT COMMISSION was created under the original Contractual Agreement dated September 8, 1971. The Commission shall consist of five (5) members as follows: Two (2) members shall be chosen by the City Council and three (3) members shall be chosen by the County Board. Each member shall serve for terms of three (3) years; the City Council and the County Board making appointment of their respective members as their terms expire. Appointees shall serve until their successors are appointed and qualified. Vacancies shall be filled for the unexpired portion of the term by the appropriate appointing body. The Commission shall choose one of its members as chair.

The Aitkin City Clerk will be appointed as the Airport Manager. The Airport Manager will attend all meetings of the Commission, record the minutes of those meetings, perform all financial tasks associated with the Commission, and act as custodian of Commission records as appropriate.

The County Attorney will be available to the Airport Commission for legal matters that may arise from time to time, as an extension of the County Board.

4. POWERS OF COMMISSION. The Commission, except as hereinafter provided, shall acquire necessary property to establish, construct, enlarge, improve, maintain, equip, operate and regulate an airport and other air navigation facilities and airport protection privileges to be jointly acquired, controlled and operated under this agreement.

The Commission may exercise on behalf of the County and City all the powers of each of such municipalities granted by Minnesota Statutes 360 et seq except as otherwise provided in this agreement.

No real property and no airport, other air navigation facility, or air protection privilege acquired under this agreement shall be disposed of by the Commission by sale, lease or otherwise except by authority of both the City Council and the County Board; but the Commission may lease space, area or improvements and grant concessions on airports for aeronautical purposes.

The Commission shall have authority to hire or retain professional services that may be necessary in accomplishing the purposes for which it was appointed.

The Commission shall have authority to enter into Grant Agreements with the State of Minnesota and with the Federal Aviation Administration, and to expend grant funds in accordance with said agreements.

The Commission shall have authority to advertise for bids and enter into contracts for improvements to the airport as appropriate.

5. REAL PROPERTY. No real property or options on real property, airport, restricted landing area, air protection privileges, or personal property costing in excess of \$1,000.00 shall be acquired, and no condemnation proceedings shall be instituted, except after authority to do so is granted in each individual case by the City Council and the County Board. Condemnation proceedings shall be instituted in the names of the City and County jointly. Real property acquired under this agreement shall be held by the City and the County as tenants in common. The City shall own 1/3 interest and the County shall own a 2/3 interest in the acquired property hereunder.

6. INSURNACE.

- (a) Liability Coverage. The Airport Commission shall maintain liability coverage with the League of Minnesota Cities Insurance Trust with a minimum limit equal to the maximum municipal liability limit in Minnesota Statutes, Section 466.04, subd. 1, under standard LMCIT liability coverage forms. Alternatively, the Airport Commission may maintain equivalent private liability insurance coverage. Such coverage may be provided through a commercial general liability ("CGL") policy. Such private liability policies must comply with the following requirements.

- (1) Minimum Limits. Each policy shall have a limit at least equal to the maximum municipal liability limit in Section 466.04, subd. 1. If the policy contains a general aggregate limit, the general aggregate limit shall not be less than \$2,000,000.
    - (2) Type of Coverage. The CGL insurance shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and contractually-assumed liability.

- (3) Additional Insured. Each Party, and each Party's officers, employees, and volunteers, shall be named as additional covered parties on each policy for all claims arising from Airport Commission activities or operations.
- (b) Auto Liability and Property Damage. The Airport Commission may in its discretion procure coverage for auto liability and damage to or loss of property.
- (c) Workers' Compensation Coverage. The Airport Commission shall maintain workers' compensation coverage for its employees.

7. BUDGET.

- (a) The Commission shall each year, prior to July 1, prepare a budget for airport finances for the ensuing calendar year. The budget shall be in two parts and shall be substantially balanced – revenues and expenditures.
- (b) Such budgets shall be submitted not later than August 1 to the City Council and the County Board. The City shall pay 33 1/3 percent and the County shall pay 66 2/3 percent of the total contributions paid into the current airport fund by the City and the County each year. If either the City Council or the County Board fixes its contributions at less than the amount requested by the Commission, the contribution of the other shall be decreased proportionately, unless the latter shall decide to pay a larger portion of the total contribution than is required by this agreement.
- (c) The expenditure allowance as finally adjusted and approved by the Commission shall control the year's spending program except that excess revenues received may be spent upon the approval of at least three members of the Commission.
- (d) The Commission shall not itself levy taxes or borrow money; and it shall not approve any claims or incur any obligations for expenditure unless there is unencumbered cash in the appropriate airport fund to the credit of the Commission with which to pay the same.
- (e) Any surplus in revenue over the cost of maintenance in operating expenses of the properties acquired under this agreement may be transferred by the Commission to the City and County in the same proportion as they are required by this paragraph to contribute for maintenance and operation. However, the City and the County realize that the Commission should attempt to maintain a fund balance equal to 50% of the average budgeted expenditures.

8. FINANCES.

- (a) The City Council shall act as fiscal agent for the Commission.
- (b) For the purpose of financing the necessary expenditures in carrying out the provision of this agreement, there is hereby created in the City accounts and treasury a special fund to be called Airport Fund. Into the Airport Fund shall be placed the various revenues enumerated in the budget provided for in paragraph 6, as well as any grant funds received. From it shall be paid claims for various airport expenditures as so enumerated, as well as any capital project expenses.
- (c) All receipts belonging to the Commission shall be deposited intact in a bank account to the credit of the airport funds and no disbursement shall be made from this fund except by check nor unless a verified claim for services and commodities actually rendered or delivered has first been submitted to and approved for payment by the Commission.
- (d) For purposes of budgeting, accounting and reporting, the fiscal year end of the Commission and the fund shall be December 31.
- (e) An audit of the funds shall be made annually. Such audit may be made independently of or in conjunction with any audit which may be made of the funds of the City.
- (f) Financial Reports will be made available to the City and the County periodically, or upon request.

9. REPORTS. The Commission shall, as soon as possible after the end of each fiscal year prepare and present to the City Council and the County Board a comprehensive annual report of its activities and finances. The Commission shall also prepare and present to federal and state officials such reports as may be required by law, regulation or contract.

10. TERMINATION. This agreement shall be in full force an effect for the term of five years from the date hereof and thereafter for like periods of five years until terminated by written notice from either party to the other party at least one year prior to the expiration of any such period. Notwithstanding termination, power of the Commission under this agreement shall continue to the extent necessary to maintain and operate the airport until disposition under paragraph 10 of the property acquired under this agreement has been achieved.

11. DISPOSITION OF PROPERTY UPON TERMINATION. As soon as practicable after termination of this agreement the City Council and County Board shall dispose of all property acquired under the agreement, including surplus funds, in any manner they shall then agree upon. If no agreement as to

disposition is reached within three months after termination of this agreement, the City Council shall, within 30 days thereafter appoint some person who may be a City official, as its representative; the County Board shall similarly appoint a representative; and the Minnesota Commissioner of Aeronautics shall appoint a third person who shall together constitute an advisory board on disposition of the airport property. This advisory board shall as soon as possible prepare and recommend to the City Council and the County Board a complete plan for the disposition of all property acquired under this agreement and such plan shall provide for the continuation of the use of the property as a public airport, if practicable. Upon termination of this agreement, each party shall provide for the payment of principal and interest on its outstanding bonds issued as a result of this agreement and, in the absence of another arrangement mutually agreed upon, each party shall assume the payment of debts and liabilities incurred by the Commission in the same proportion as it is required to contribute to the joint airport fund under section 6(b).

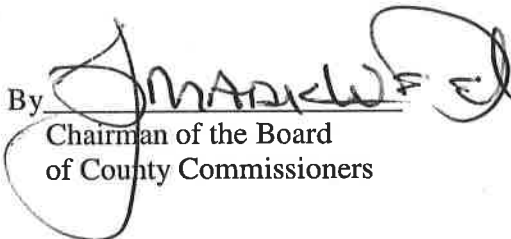
12. ENFORCEMENT. Specific performance of the provisions of this agreement may be enforced against either party by the other party.
13. AMENDMENTS. This agreement may be amended in any particular by following the procedure used for the adoption of the agreement.

IN WITNESS WHEREOF, the City of Aitkin has caused this agreement to be signed in its corporate name by its Mayor and City Clerk and sealed with the corporate seal of the City; and the County of Aitkin has caused this agreement to be signed by its corporate name by the Chairman of the Board of the County Commissioners and the County Administrator and sealed with the official seal of the County.

Dated this 16th day of April, ~~2011~~. 2012.

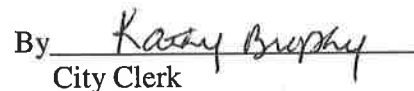
COUNTY OF AITKIN

CITY OF AITKIN

By   
Chairman of the Board  
of County Commissioners

By   
Mayor

By   
County Administrator

By   
City Clerk