TRANSFER AGREEMENT

This Transfer Agreement is made and entered into between the City of Grand Forks, a public body corporate and politic of the State of North Dakota (City), and the Grand Forks Regional Airport Authority, a public body corporate and politic of the State of North Dakota (Authority), this 17 day of June, 1987.

WHEREAS, the North Dakota Century Code, Chapter 2-06, of the State of North Dakota authorized the creation of the Regional Airport Authority of Grand Forks; and

WHEREAS, the Regional Airport Authority of Grand Forks was established pursuant to the provisions of the North Dakota Century Code, Chapter 2-06, and Ordinance No. 2792 adopted by the Grand Forks City Council on April 20, 1987, and by Resolution of the Grand Forks County Commission adopted on May 5, 1987, via which said governmental bodies have created the Grand Forks Regional Airport Authority; and

WHEREAS, Section 20 of said Ordinance and Resolution provides that the Authority and the creating municipality shall enter into an agreement for the orderly transfer of real and personal property, indentures, indebtedness, financial obligations, contracts, agreements, personnel and all other matters incidental, necessary or convenient to the establishment and operation of the Grand Forks Regional Airport Authority; and

WHEREAS, Section 17 of said Ordinance and Resolution provides that the Authority shall establish, and may contract with the creating municipality, for a retirement program and pension plan for benefit of all Authority employees and officers,
except for the Authority Commissioners:

NOW THEREFORE, the City of Grand Forks and County of Grand Forks and the Grand Forks Regional Airport Authority in consideration of the mutual covenants and agreements contained herein agree as follows:

1. **REAL PROPERTY:**

The City hereby transfers to the Authority all its right, title and interest to Airport property within the boundaries of the Mark Andrews Grand Forks International Airport and all easements associated outside the boundaries of the Airport as set out on Exhibit "A" attached hereto. Said transfer shall provide for the assumption by the Authority of all obligations and assurances to the United States of America contained in various Grant Agreements and surplus property instruments of transfer between the United States and the City. The City hereby assigns to the Authority all of its rights, title and interest in and under all leases and agreements described Exhibit "B" attached hereto.

The Authority hereby assumes all of the City duties and obligations, under said leases and agreements. The City and Authority shall execute all documents which may be required to implement and effect the transfers and assignments contemplated under this paragraph.

2. **ASSUMPTION OF FINANCIAL OBLIGATIONS:**

The Authority agrees to assume the outstanding debt on the following listed Revenue Bonds issued by the City for Airport purposes:
1. 1985 Series Revenue Bonds -
   Terminal Expansion $728,925.00
   New FAA Automated Flight Service Station $1,146,075.00
   Total Issue Amount $1,875,000.00

2. 1985 Series Revenue Bonds -
   Gate Expansion $235,000.00

The Authority shall pay to the City an amount sufficient to retire these bonds, except as to that portion of the payments (principal and interest) for Revenue Bond #1, issued to pay for the United States of America, Department of Transportation, Federal Aviation Administration building and Automated Flight Service Station, which payments shall remain the obligation of the City. The Authority shall include as part of its annual budget the yearly obligation to pay its share of the Revenue Bonds referred to above. Further, the Authority covenants to make said payments to the City in a timely fashion so that the City can make the payments required of it under said Bonds.

It is understood between the Authority and the City that the above listed outstanding Revenue Bonds shall remain in the name of the City and the primary obligation for the payments required to be made to the bond holders shall be that of the City.

3. **PERSONAL PROPERTY AND PLANT AND EQUIPMENT:**

   The City hereby sells, transfers and sets over unto the Authority all of its right, title and interest in and to all personal property related to the operation of the Airport and used for Airport purposes, more fully described in attached
Exhibit "B". It is the intention of the parties that all personal property related to the present Airport operation shall be transferred by the City to the Authority. Therefore, should any personal property have been inadvertently omitted from the attached Exhibit "B", or purchased since the date Exhibit "B" was compiled, said personal property shall be transferred by the City to the Authority.

4. TRANSFER OF EMPLOYEES.

In accordance with Section 17 of the Ordinance and Resolution, the Authority shall adopt a separate Personnel Management Plan, providing for rules and regulations, governing employees, classification of employees, appointment criteria, pay schedules, grievances and appeals procedures for employees of the Authority.

The Authority shall hire and retain all the City full-time employees presently working at the Airport. The fact that the Authority agrees to hire and retain the present employees shall not be construed as any contractual agreement for the benefit of said employees, that any said employee so hired and retained shall have a right to continued employment after the transfer.

After the transfer, the Authority shall have the right to deal with its employees in accord with its policies and procedures to be adopted and implemented by the Authority.

5. EMPLOYER BENEFITS:

The Authority may enter into an agreement with the City under which the City will allow the Authority to obtain and maintain the same pension benefits, health, medical, hospital,
life insurance and other insurance coverages hereinafter collectively referred to as employee benefits. The Authority shall be responsible to make all contributions required of the employer for any employee benefits its contracts with the City to provide. Further, all contracts between the City and the Authority for the employee benefits which the Authority provides for its employees shall provide that the Authority shall be bound by all the terms and conditions of the employee benefit plan provided by the City which the Authority adopts.

Notwithstanding the preceding, the Authority retains the right to establish its own employee benefit programs at any time it sees fit.

For the present, the Authority shall adopt the personnel management plan and employee benefits set forth in Exhibit "C" attached hereto.

6. CITY PROVIDED SERVICES:

   The City provide the Mark Andrews Grand Forks International Airport water and sewer services in their present form, at rates and charges as may be adjusted from time to time by ordinance.

   It is the intent of the Authority to provide for safety and security services (police and fire) in accordance with State and Federal Regulations requiring such services for the Airport. The City shall furnish such services, upon request of the Authority and the Authority shall pay the City for the cost of said services. All agreements entered into between the Authority and the City shall be subject to an annual review by both bodies.
7. OTHER TAXES.

In the future, if the City receives any money from either the federal government, the State of North Dakota, or the County of Grand Forks, for ad valorem taxation of airline property of all certificated air carriers or from any Passenger Facility Charge, said revenues shall be apportioned in a manner provided by law.

8. HOLD HARMLESS AND INDEMNIFICATION

The Authority agrees to indemnify, save, hold harmless and defend the City, its agents and employees, its successors and assigns, individually or collectively, from and against all liability for any claims and actions and all reasonable expenses incidental to the investigation and defense thereof, including attorney's fees, in any way arising out of or resulting from any act, omissions or negligence of the Authority, its agents, employees, licensees, successors and assigns, or those under its control, in, on or about the Grand Forks Mark Andrews International Airport, or in connection with its use and occupancy of said airport.

The Authority agrees to indemnify, save, hold harmless and defend the City, its agents and employees, its successors and assigns, individually or collectively, from and against all liability for any claims, actions, penalties, fines and all expenses incidental to the investigation and defense thereof, including attorney's fees, in any way arising from or based upon violation of any federal, state or local laws, statutes, rules and/or regulations by the Authority, its agents, employees, assigns, licensees or those under its control, arising out of or
resulting from the use and occupancy of said airport.

The City agrees to indemnify, save, hold harmless and defend the Authority, its agents and employees, its successors and assigns, individually or collectively, from and against all liability for any claims and actions and all reasonable expenses incidental to the investigation and defense thereof, including attorney's fees, in any way arising out of or resulting from any act, omissions or negligence of the City, its agents, employees, licensees, successors and assigns, or those under its control, in, on or about the Grand Forks Mark Andrews International Airport, when in connection with its use and occupancy of said airport.

The City agrees to indemnify, save, hold harmless and defend the Authority, its agents and employees, its successors and assigns, individually or collectively, from and against all liability for any claims, actions, penalties, fines and all expenses incidental to the investigation and defense thereof, including attorney's fees, in any way arising from or based upon violation of any federal, state or local laws, statutes, rules and/or regulations by the City, its agents, employees, assigns, licensees or those under its control in any way arising out of or resulting from any use or occupancy of said airport.

9. INSURANCE REQUIREMENTS

Without limiting the Authority's obligation to indemnify the City as provided in Section 8, the Authority shall provide, pay for and maintain in force at all times a policy of comprehensive general liability insurance to protect against bodily injury or
death liability and property damage liability in an aggregate amount of not less than $1, million per occurrence; and a policy of comprehensive automobile liability insurance in a combined single limit of not less than $500,000.

The Authority shall furnish the City no later than 30 days after the execution of this agreement a certificate or certificates of insurance as evidence that such insurance is in force. The City shall be named as an additional insured on such policy or policies. Said policy shall be in a form and content satisfactory to the City and shall provide for 15 days written notice to the City prior to the cancellation of or any material change in such policies.

10. DEFAULT

In the event of the dissolution, bankruptcy, forfeiture, governmental or legislative acts, default on payment of bonds or other indebtedness, or voluntary discontinuance of operations, the Authority shall peaceably surrender and deliver to the City all real and personal property conveyed hereunder and all personal or real property then in the possession of the Authority, including all improvements thereon, to the City.

11. REGIONAL AIRPORT AUTHORITY POWERS:

Subject to any restrictions or limitations contained in the Ordinance and Resolution, the Authority shall have all the powers granted it under N.D.C.C. Chapter 2-06 and any amendments thereto.

The Mayor of the City of Grand Forks and Chairman of the Authority, after approval of this agreement by the City Council of Grand Forks shall enter into all agreements necessary to
12. INFORMATION AND REPORTS:

In accordance with Section 16 of the Ordinance and Resolution, the Authority shall provide the City and County with copies of the minutes of all its special and regular meetings, a copy of its annual budget and a copy of its yearly financial statements.

IN CONSIDERATION of the above covenants and agreements, the parties hereunder execute and sign this instrument the day and date first written above.

THE CITY OF GRAND FORKS,
NORTH DAKOTA

MAYOR

ATTEST:

CITY AUDITOR

GRAND FORKS REGIONAL AIRPORT AUTHORITY

By:

Its Chairman

By:

Its Secretary
TRANSFER AGREEMENT AMENDMENT NUMBER 1

This Amendment, made and signed this 15th day of March, 1991, by and between the City of Grand Forks (hereinafter City) and the Grand Forks Regional Airport Authority (hereinafter Authority) shall be a supplemental and addendum to that certain transfer agreement entered into between the parties and dated June 17, 1988.

In consideration of the mutual covenants contained herein, it is agreed by and between the City and the Authority as follows:

1. The Authority shall have the right to discharge all of the sanitary sewer generated upon the airport grounds into the City sewer and lagoon system, subject, however, to the provisions of Grand Forks City Code Chapter 15, in its present form and as may be amended from time to time.

2. Both the City and the Authority shall cooperate with the other in making application to any and all federal governmental agencies for the purpose of construction funding for a sanitary sewer system to serve the Grand Forks International Airport. The City will be fully responsible for compliance with all wastewater discharge permit requirements and reports. Additionally, the City shall be fully responsible for the payment of all fines, penalties, or reclamation costs imposed upon the joint permittee under the wastewater discharge permit unless caused by the negligence of the Airport Authority from the date of transfer (06/17/88) through November 5, 1990.

3. The City owns, maintains, and operates the sanitary sewer system existing, and being constructed, at the Grand Forks International Airport effective November 5, 1990. Payment of the maintenance and operation of the public sewer shall be made on a "cents per thousand" gallons of water basis in accordance with past practice. The Authority and individual tenants will be billed directly for sewer charges in accordance with the volume of gallons recorded on their assigned water meters. Any future expansion, additions, or modifications to the City's sanitary sewer system at the Airport shall have the prior approval of the City. City shall maintain and operate the sanitary sewer systems at the Airport in compliance with all state and federal laws, rules, and regulations.
4. The City shall provide and pay for the expansions, additions, and modifications to the sewer system as is necessary to adequately serve the Airport and its existing and future tenants.

5. That the City shall be permitted reasonable authorized access to all sanitary sewer system facilities located on the Grand Forks International Airport for the purposes of inspection, testing, maintenance and/or operation, insuring that such access is coordinated with Airport Operations.

6. That Authority agrees not to allow any person, corporation, or entity not located upon the Grand Forks International Airport to place, deposit, release, or discharge any sewage or connect into the public sewage system without the prior approval of the City.

For purposes of the Agreement, the terms used herein shall be defined as provided by Chapter 15 of the Grand Forks City Code, except, "sewage system" shall mean all pipes, conduits, pumping station, force mains, devices and appliances appurtenant thereto which are used for the collection and discharge of sanitary sewage to a point of ultimate disposal.

This agreement may be amended upon the written concurrence of the City and The Authority.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed on their behalf by their duly authorized officers.

GRAND FORKS REGIONAL AIRPORT AUTHORITY

By:

Robert F. Selig, A.A.E.

Title: Executive Director Date: March 15, 1991

ATTEST

BY:

TITLE: Chairman - Airport Authority
CITY OF GRAND FORKS

By: Michael Polovitz

Title: Mayor Date: March 15, 1991

ATTEST

BY: [Signature]

TITLE: City Auditor

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