

## PROCEEDINGS OF THE BOARD OF COUNTY COMMISSIONERS

Date: March 7, 2023

9:00 a.m.

Place: Commissioners Room, Courthouse, Caledonia, MN

Members Present:

Dewey Severson, Eric Johnson, Robert Burns, Bob Schuldt, and Greg Myhre

Others Present:

Auditor/Treasurer Donna Trehus, Reporter Rachel Stock, Reporter Charlene Selbee, WXOW Reporter Roger Staffaroni, Finance Director Carol Lapham, Public Health and Human Services Director John Pugleasa, Board Clerk/EDA Director Allison Wagner, Human Resources Director Theresa Arrick-Kruger, Recorder Mary Betz, County Attorney Samuel Jandt, Environmental Services Director Martin Herrick, City of Caledonia Clerk Administrator Jake Dickson, Deputy Auditor/Treasurer Eliana Babinski, Deputy Auditor/Treasurer Polly Heberlein, Public Health Supervisor Jordan Knoke, Darnell Johnson, Brent Welch, Sara Viner, Heidi Snell, Nick Meiners, Jamie Meiners, Yvonne Krogstad, Rebecca Wilhelmson, Abby Jilek, Kristina Hauser, and Katelyn Buchholtz

Presiding: Chairperson Severson

Call to order.

Pledge of Allegiance.

Prior to approving the agenda two items were added to the consent agenda: confirm the change of employment status of Helen Olson from probationary to regular effective 3/25/2023, and confirm the change of employment status of Nicole Karl from probationary to regular effective 3/29/2023. Motion was made by Commissioner Johnson, seconded by Commissioner Burns, motion unanimously carried to approve the agenda with the additions.

Motion was made by Commissioner Myhre, seconded by Commissioner Schuldt, motion carried unanimously to approve the February 28, 2023 meeting minutes.

Public Comment: No public comments were made.

### APPOINTMENTS

None.

### CONSENT AGENDA

Motion by Commissioner Burns, seconded by Commissioner Johnson, motion unanimously carried to approve the consent agenda.

- 1) Approve the hire of Nikki Klemp as a probationary Nurse Case Manager, C-41, Step 4, effective 3/27/2023 conditioned on successful completion of background check.
- 2) Confirm the change of employment status of Helen Olson from probationary to regular effective 3/25/2023.
- 3) Confirm the change of employment status of Nicole Karl from probationary to regular effective 3/29/2023.

#### ACTION ITEMS

File No. 1 – Commissioner Johnson moved, Commissioner Myhre seconded, motion unanimously carried to approve the LG220 Application for Exempt Permit for Off-Site Gambling on behalf of District 300 Foundation, P.O. Box 34, La Crescent, MN 55947 for gambling activities to be conducted at Valley High Golf Club located at 9203 Mound Prairie Drive, Houston, MN in Mound Prairie Township on April 28, 2023. with no waiting period. The motion also included approving Resolution No. No. 23-10 Minnesota Lawful Gambling Permit Approval District 300 Foundation. See Resolution below.

#### RESOLUTION NO. 23-10

#### **MINNESOTA LAWFUL GAMBLING PERMIT APPROVAL DISTRICT 300 FOUNDATION**

March 7, 2023

BE IT RESOLVED, the Houston County Board of Commissioners does hereby approve the Minnesota Lawful Gambling Application LG220 for Exempt Permit for District 300 Foundation for gambling activities to be conducted at the Valley High Golf Club in Mound Prairie Township on April 28, 2023, with no waiting period.

File No. 2 – This item was approved under File No. 1.

File No. 3 – Commissioners discussed with Public Health and Human Services Director Pogleasa the possibility of using ARPA funding for 2023 technology replacement. The idea had been previously discussed, but no ARPA dollars had officially been allocated. The original estimate for the equipment had been \$31,330, but the price had increased to \$42,083.47. Commissioner Johnson moved, Commissioner Myhre seconded, motion carried unanimously to table the request until the Commissioners could look at what was still available and remining for unallocated ARPA dollars.

File No. 4 – Prior to any motions being made Commissioners discussed the recent public hearing regarding a possible moratorium on the sale of edible cannabinoid products and/or hemp derived tetrahydrocannabinols (THC) food and beverages within the County of Houston. Commissioner Severson said health and safety concerns had originally been the reason for the moratorium consideration. Commissioner Johnson said his main concern was the packaging of edible gummies appearing to look like regular candy. The concern was kids accidentally ingesting the edible gummies. Commissioner Severson said he had received additional feedback after the recent public hearing. He said most he had heard from were not in favor of the moratorium. Commissioner Severson moved, Commissioner Johnson seconded, motion carried four to one to not establish a moratorium, but to instead instruct the County Attorney to come up with an ordinance with some regulations as to where, when, and how the sale of edible cannabinoid products and/or hemp derived tetrahydrocannabinols (THC) food and beverages would be handled within Houston County. Severson said this could include licensing and taxing of the product. Commissioner Burns abstained from the vote. Commissioners Severson, Johnson, Schuldt, and Mhyre voted in favor of the motion. Commissioner Schuldt mentioned to the Commissioners the possibility of establishing a study committee, as many who attended the public hearing had expressed interest in serving on a study committee. Some of those who had expressed interested had established businesses in the field and were experienced with the product. Attorney Jandt said a study committee could still be formed if needed in the future. Attorney Jandt said once a draft of an ordinance was created another public hearing would need to take place before the ordinance could be adopted. There was a possibility that with new future legislation the County’s ordinance would need to be amended.

## DISCUSSION ITEMS

Commissioners discussed recent meetings they had attended including an EDA meeting, Personal Committee Meeting regarding the County’s work from home policy, Hiawatha Valley Mental Health meeting, and a Land Use LiDAR demonstration.

Wagner said the annual BCC Career Fair and Hiring event would take place on Wednesday, March 7<sup>th</sup>, 2023 at the La Crescent Area Event Center. Around 40 businesses and at least 200 students were expected to attend the event. The event was also open to job seekers in the general public. Businesses at the event would be hiring full, part time, and seasonal employees.

Chairperson Severson said he had received official notice from Winona County that they would be cancelling their jail contract with Houston County on September 31, 2023.

Commissioner Schuldt said he had been contacted regarding river cleanup in Houston County. He said he could reply on behalf of the County.

## CLOSING PUBLIC COMMENT

Nick Meiners said he though the Commissioners had made the right move regarding not implementing the moratorium. He said with the new bill being considered he wanted to make sure

the Commissioners were not wasting Attorney Jandt's time. He encouraged the Commissioners to not waste too much time or taxpayer money since he said many of their concerns would most likely be addressed with the new bill.

There being no further business at 9:45 a.m., a motion was made by Commissioner Burns, seconded by Commissioner Schuldt, motion unanimously carried to adjourn the meeting. The next meeting would be a regular meeting on March 14<sup>th</sup>, 2023.

BOARD OF COUNTY COMMISSIONERS

HOUSTON COUNTY, MINNESOTA

By: \_\_\_\_\_  
Dewey Severson, Chairperson

Attest: \_\_\_\_\_  
Donna Trehus, Auditor/Treasurer

**HOUSTON COUNTY  
AGENDA REQUEST FORM  
March 14, 2023**

**Date Submitted: March 9, 2023**

**By: Tess Kruger, HRD/Facilities Mgr.**

**ACTION**

- **Consider awarding the low bid for the Historical Courthouse roof replacement to Equity Builders & Construction Services, Inc. in the amount of \$174,630.00**

**APPOINTMENT REQUEST**

- **NONE**

**HR CONSENT AGENDA REQUEST**

<b><u>Reviewed by:</u></b>	<input checked="" type="checkbox"/>	<b>HR Director</b>	<input type="checkbox"/>	<b>Sheriff</b>	
	<input checked="" type="checkbox"/>	<b>Finance Director</b>	<input type="checkbox"/>	<b>Engineer</b>	
	<input type="checkbox"/>	<b>IS Director</b>	<input type="checkbox"/>	<b>PHHS</b>	
			<input type="checkbox"/>	<b>(indicate other dept)</b>	
	<input type="checkbox"/>	<b>County Attorney</b>	<input type="checkbox"/>		
	<input type="checkbox"/>	<b>Environmental Svcs</b>			
<b><u>Recommendation:</u></b>					
<b><u>Decision:</u></b>					

**HOUSTON COUNTY  
AGENDA REQUEST FORM  
March 14, 2023**

**Date Submitted: 3/7/2023**

**By: Brian Swedberg, Sheriff**

**ACTION REQUEST:**

- **Consider approval for Sheriff's Office recorder upgrade.**

**CONSENT AGENDA REQUEST:**

NONE

<b><u>Reviewed by:</u></b>	<input type="checkbox"/> HR Director	<input checked="" type="checkbox"/> County Sheriff	_____
	<input type="checkbox"/> Finance Director	<input type="checkbox"/> County Engineer	_____
	<input type="checkbox"/> IS Director	<input type="checkbox"/> PHHS	_____
	<input type="checkbox"/> County Attorney	<input type="checkbox"/> Other (indicate dept)	_____
	<input type="checkbox"/> Environmental Svcs		
<b><u>Recommendation:</u></b>			
<b><u>Decision:</u></b>			



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## HOUSTON COUNTY SHERIFF

3.7.22

### **MacTek / HigherGround Next Generation CAPTURE911 Recorder estimate**

The proposed HigherGround Capture911™ solution includes:

- One 4U Recording Chassis with hot swap drive bays, platinum redundant power supplies, W.S. 2019... configured for 100% recording of:
  - 24 Analog Channels
  - Includes
    - 24 channel licenses
    - 24 port PCIe Tap Card for recording 24 analog channels
- The NG Capture911 core software with ANI/ALI includes:
  - Interaction Search and Retrieval
  - Redaction
  - Stand-Alone CD,
  - 2 Standard Dashboards
  - Real-Time Monitor
- Project management, Professional Services, Delivery, Installation and Training included.

**\$28,670.00**

#### **Terms:**

- ***This quote is firm for 60 days***
- ***Custom configuration requires payment on order OR 50% on order / balance on install***

# Houston County Agenda Request Form

**Date Submitted:** February 27, 2023      **Board Date:** March 14, 2023

**Person requesting appointment with County Board:** Brian Pogodzinski

**Issue:**

Board to discuss CP 2022-08, Courthouse Parking Lot bids. Two bids were received. The bids requested included an alternate bid for removal of current concrete and bituminous items. If only the base bid is approved, then Dunn Blacktop would be the lowest bidder in the amount of \$268,882.73. However, if the alternate bid is considered, the lowest bidder would be Zenke Inc. in the amount of \$296,165.05.

**Attachments/Documentation for the Board's Review:**

## Abstract for CP 2022-08

**Reminder: Unit prices are not public until after the award.**

**Justification:**

**Action Requested:**

Board approval needed to determine which bid to accept and to award accordingly.

<b>For County Use Only</b>			
<b><u>Reviewed by:</u></b>	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> County Auditor	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> County Attorney	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> Zoning Administrator
	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> Finance Director	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> County Engineer	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> Environmental Services
	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> IS Director	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> Other (indicate dept)	

**Recommendation:**

  
  
  
  

**Decision:**

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.



# Houston County Agenda Request Form

Date Submitted: February 27, 2023 Board Date: March 14, 2023

Person requesting appointment with County Board: Brian Pogodzinski

**Issue:**

The Highway department solicited bids for CP 2023-01, for Stockpile Aggregate, Class 5 Delivered (maintenance rock) for various highways in Houston County.

**Attachments/Documentation for the Board's Review:**

Abstract for CP 2023-01 Stockpile Aggregate, Class 5 Delivered (maintenance rock)

This will be available on Monday afternoon, March 13, 2023.

*Reminder: Unit prices are not public until after the award.*

**Justification:**

**Action Requested:**

Board approval needed to accept the lowest responsible bid per road. This may result in multiple contracts.

For County Use Only			
<b><u>Reviewed by:</u></b>	_____ County Auditor	_____ County Attorney	_____ Zoning Administrator
	_____ Finance Director	_____ County Engineer	_____ Environmental Services
	_____ IS Director	_____ Other (indicate dept)	_____
<b><u>Recommendation:</u></b>			
<b><u>Decision:</u></b>			

# Houston County Agenda Request Form

Date Submitted: February 27, 2023 Board Date: March 14, 2023

Person requesting appointment with County Board: Brian Pogodzinski

**Issue:**

Board approval needed to accept all quotes for CP 2023-02 for aggregate stock piles.

**Attachments/Documentation for the Board's Review:**

Abstract for CP 2023-02 Stockpile Quotes.

This will be available on Monday afternoon, March 13, 2023.

***Reminder: Unit prices are not public until after the award.***

**Justification:**

We do this to have rock prices available at various quarries around the county for regular maintenance or in the case of a disaster or other event that would require additional rock.

**Action Requested:**

Board approval to accept all quotes.

For County Use Only			
<b><u>Reviewed by:</u></b>	_____ County Auditor	_____ County Attorney	_____ Zoning Administrator
	_____ Finance Director	_____ County Engineer	_____ Environmental Services
	_____ IS Director	_____ Other (indicate dept)	_____
<b><u>Recommendation:</u></b>			
<b><u>Decision:</u></b>			

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.

# Houston County Agenda Request Form

**Date Submitted:** February 27, 2023 **Board Date:** March 14, 2023

**Person requesting appointment with County Board:** Brian Pogodzinski

**Issue:**

Board approval needed to accept all quotes for CP 2023-03 for equipment rental.

**Attachments/Documentation for the Board's Review:**

Abstract for CP 2023-03 Equipment Rental

This will be available on Monday afternoon, March 13, 2023.

***Reminder: Unit prices are not public until after the award.***

**Justification:**

We do this to have equipment rental prices on file in case of a disaster or other event that would require us to rent additional equipment.

**Action Requested:**

Board approval to accept all quotes.

For County Use Only			
<b><u>Reviewed by:</u></b>	<u>          </u> County Auditor	<u>          </u> County Attorney	<u>          </u> Zoning Administrator
	<u>          </u> Finance Director	<u>          </u> County Engineer	<u>          </u> Environmental Services
	<u>          </u> IS Director	<u>          </u> Other (indicate dept)	<u>          </u>
<b><u>Recommendation:</u></b>			
<b><u>Decision:</u></b>			

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.

# Houston County Agenda Request Form

Date Submitted: February 27, 2023 Board Date: March 14, 2023

Person requesting appointment with County Board: Brian Pogodzinski

**Issue:**

Board approval needed to accept the low quote for CP 2023-04 for crack filling. The following roads are schedule to be repaired. CSAH 3, CSAH 33, CSAH 8, CSAH 26 (east and west) and CSAH 15.

**Attachments/Documentation for the Board's Review:**

Abstract for CP 2023-03 Equipment Rental

This will be available on Monday afternoon, March 13, 2023.

Reminder: Unit prices are not public until after the award.

**Justification:**

The Highway Department provides crack fill repair under our normal maintenance for our county roads.

**Action Requested:**

Board approval needed to accept the low quote.

For County Use Only			
<b><u>Reviewed by:</u></b>	_____ County Auditor	_____ County Attorney	_____ Zoning Administrator
	_____ Finance Director	_____ County Engineer	_____ Environmental Services
	_____ IS Director	_____ Other (indicate dept)	_____
<b><u>Recommendation:</u></b>			
<b><u>Decision:</u></b>			

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.

# Houston County Agenda Request Form

Date Submitted: February 27, 2023 Board Date: March 14, 2023

Person requesting appointment with County Board: Brian Pogodzinski

**Issue:**

Board approval needed to award the low bid for CP 2023-06 Seal Coat.

**Attachments/Documentation for the Board's Review:**

Abstract for CP 2023-06 Seal Coat

This will be available on Monday afternoon, March 13, 2023.

***Reminder: Unit prices are not public until after the award.***

**Justification:**

This is part of our annual maintenance program and is part of the budget.

**Action Requested:**

Board approval needed to accept the low bid.

For County Use Only			
<b><u>Reviewed by:</u></b>	<input type="checkbox"/> County Auditor	<input type="checkbox"/> County Attorney	<input type="checkbox"/> Zoning Administrator
	<input type="checkbox"/> Finance Director	<input type="checkbox"/> County Engineer	<input type="checkbox"/> Environmental Services
	<input type="checkbox"/> IS Director	<input type="checkbox"/> Other (indicate dept)	
<b><u>Recommendation:</u></b>			
<b><u>Decision:</u></b>			

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.

# Houston County Agenda Request Form

Date Submitted: February 23, 2023 Board Date: March 14, 2023

Person requesting appointment with County Board: Brian Pogodzinski

**Issue:**

Attached is a work order under the MnDot Partnership agreement to move forward on the MN 26/Houston County CSAH 3 (Brownsville intersection) preliminary design. MnDot is pledging \$59,000 toward the design costs with the balance being the responsibility of Houston County. Under a separate agenda request approval, the engineering firm Stonebrooke has provided an estimate for this work not to exceed \$ 70,925.90.

The resolution needs to be passed and gives the Engineer and the Auditor/Treasurer the authorization to negotiate MnDot work order contracts on behalf of the County.

**Attachments/Documentation for the Board's Review:**

Work Order 1 of MnDot's Partnership Agreement and resolution.

**Justification:**

**Action Requested:**

Review and approve the contract and pass resolution to authorize the Engineer and the Auditor/Treasurer to negotiate MnDot work order contracts on behalf of the County.

For County Use Only			
<b><u>Reviewed by:</u></b>	_____ County Auditor	_____ County Attorney	_____ Zoning Administrator
	_____ Finance Director	_____ County Engineer	_____ Environmental Services
	_____ IS Director	_____ Other (indicate dept)	_____
<b><u>Recommendation:</u></b>			
<b><u>Decision:</u></b>			

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.

**STATE OF MINNESOTA  
WORK ORDER UNDER  
MASTER PARTNERSHIP CONTRACT**

State Project (SP) Number: 2802-71

Trunk Highway (TH) Number: 26

Project Description: Local Partnership Program - MN 26/Houston County Road 3 Preliminary Design

This Work Order Contract is issued under the authority of the State of Minnesota, Department of Transportation (MnDOT) Master Partnership Contract No. 1050106 between the state of Minnesota acting through its Commissioner of Transportation ("State") and Houston County, a political subdivision of the State of Minnesota ("Local Government") and is subject to all applicable provisions and covenants of that Contract which are incorporated herein by reference.

**Work Order Contract**

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**1. Term of Work Order Contract; Incorporation of Exhibits**

- 1.1. **Effective date:** This Work Order Contract will be effective on the date that all required signatures are obtained by State, pursuant to Minnesota Statutes Section 16C.05, subdivision 2. The Local Government must not begin work under this Contract until ALL required signatures have been obtained and the Local Government has been notified in writing to begin such work by the State's Authorized Representative.
- 1.2. **Expiration date:** This Work Order Contract will expire on 12/31/2023, or when all obligations have been satisfactorily fulfilled, whichever occurs first.
- 1.3. **Exhibits:** Exhibits A through C are attached and incorporated into this Work Order Contract.

**2. Nature of Work**

- 2.1. X the blanks below to indicate the nature of the work to be performed. See Article 3. Services Requiring a Work Order Contract, of the Master Partnership Contract for applicable definitions.  
☐ Contract Administration  
☐ Emergency Services  
☒ Professional/Technical Services  
☐ Roadway Maintenance

**3. Scope of Work**

- 3.1. The Local Government will perform services under this Work Order summarized generally as follows: the proposed design services would be used to develop a plan for constructing new approaches and realigning County State Aid Highway (CSAH) 3 with MnDOT Trunk Highway (TH) 26.

**4. Items provided or completed by the State**

- 4.1. The following will be provided or completed by the State: This is an LPP project that Houston County was selected for in the amount of \$59,000 that the State will pay.

**5. Consideration of Payment**

- 5.1. The State will pay for all services performed by the Local Government on an actual cost reimbursement basis as follows:
  - 5.1.1. The following items will be reimbursable at their actual cost to the Local Government:
    - i. Materials and supplies reasonably needed to perform the work; and
    - ii. Equipment needed to perform the work, at its rental rate as established by the State; and
    - iii. Actual and reasonable costs of consultants and contractors engaged to perform the work; and

- iv. Actual salary costs incurred by the Local Government, at the normal rate of pay plus reasonable and customary labor additives.

5.1.2. The Local Government must, upon request of the State, provide documentation showing a breakdown of costs claimed for reimbursement.

- 5.2. The State's total obligation for all compensation and reimbursements to the Local Government will be \$59,000.00.
- 5.3. Electronic invoices are preferable. Please send the electronic invoice to the MnDOT Project Manager designated in Article 7.

## 6. Terms of Payment

- 6.1. The State will pay the Local Government upon receipt and approval of an invoice for eligible costs. The Local Government will submit signed invoices, and the signature will attest that the services have actually been performed, and that the claimed amounts have not been previously claimed or paid. Upon request of the State, the Local Government must provide documentation showing the actual costs incurred. The Local Government will use the format set forth in Exhibit B when submitting Invoices.
- 6.2. The State will retain up to 10% of the final amount due to the Local Government, as required by Minnesota Statutes §16C.08, until the work and deliverables have been approved by the State.
- 6.3. The Local Government will submit the monthly progress report set forth in Exhibit C showing the progress of work in work hours according to the tasks listed in Scope of Work article.

## 7. Authorized Representatives

- 7.1. The State's Project Manager, for this Work Order is:
  - Name/Title: Craig Lenz, Agreements Coordinator, or successor
  - MnDOT - D6-Rochester
  - Street Address: 2900 48<sup>th</sup> St NW
  - City State Zip: Rochester MN, 55901
  - Telephone: 507-286-7558
  - Email: craig.lenz@state.mn.us
- 7.2. The State's Project Manager is responsible for overseeing the State's fulfillment of its obligations under this Work Order, reviewing, providing and approving invoices, resolving disputes related to this Work Order, and for giving or receiving any notices required or permitted by this Work Order.
- 7.3. The Local Government's Project Manager for this Work Order is:
  - Name/Title: Brian Pogodzinski, County Engineer, or successor
  - Name of Gov't: Houston County
  - Street Address: 1124 E. Washington Street
  - City State Zip: Caledonia, MN 55921
  - Telephone: 507-725-3925
  - Email: brian.pogodzinski@co.houston.mn.us
- 7.4. The Local Government's Project Manager for this Work Order is responsible for overseeing the Local Government's fulfillment of its obligations under this Work Order, reviewing and approving invoices, resolving disputes related to this Work Order, and for giving or receiving any notices required or permitted by this Work Order.

## 8. Termination

- 8.1. **Termination by the State or Local Government.** The Local Government, the State or the Commissioner of Administration may cancel this Work Order at any time, with or without cause, upon 30 days' written notice to the other Party. Upon termination, the Local Government will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
- 8.2. **Termination for Insufficient Funding.** The State may immediately terminate this Work Order if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be



continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Local Government. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Local Government will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the Work Order is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Local Government notice of the lack of funding within a reasonable time of the State's receiving that notice.

**9. Additional Provisions**

9.1. NONE

**[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]**

**LOCAL GOVERNMENT**

The Local Government certifies that the appropriate person(s) have executed the contract on behalf of the Local Government as required by applicable articles, bylaws, resolutions or ordinances.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**STATE ENCUMBRANCE VERIFICATION**

The individual certifies funds have been encumbered as required by Minn. Stat. 16A.15 and 16C.05

By: \_\_\_\_\_

Date: \_\_\_\_\_

Swift Contract #: \_\_\_\_\_

SWIFT PO #: \_\_\_\_\_

**COMMISSIONER OF TRANSPORTATION**

By: \_\_\_\_\_

Title: District Engineer or Assistant District Engineer

Date: \_\_\_\_\_

**COMMISSIONER OF ADMINISTRATION**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A – STANDARD TERMS**

**STANDARD TERMS FOR PROFESSIONAL AND TECHNICAL SERVICES**

1. The Local Government will prepare all documents in accordance with Minnesota law, applicable Federal laws and regulations, and geometric design standards for trunk highway plans as described in the current versions of MnDOT Manuals, available through the MnDOT State Aid Division or on the [MnDOT website](#).
2. The Local Government will, as applicable in developing plans, include the standard specifications from the latest edition of MnDOT Standard Specifications for Construction, and all amendments thereto.
3. The Local Government will furnish the personnel, services, supplies, and equipment necessary to properly perform, supervise, and document the work for the project(s). The services of the Local Government to be performed hereunder may not be assigned, sublet, or transferred unless approved in writing by MnDOT. This written consent will in no way relieve the Local Government from its primary responsibility for performance of the work.

**PROFESSIONAL/TECHNICAL CONTRACT AND WORK ORDER  
CERTIFICATION FORM**

**State Project Number (SP):** 2802--71

**Trunk Highway Number (TH):** 26

**Project Identification:** the proposed design services would be used to develop a plan for constructing new approaches and realigning County State Aid Highway (CSAH) 3 with MnDOT Trunk Highway (TH) 26

<b>Agency:</b> Transportation	<b>Division:</b> State Aid	<b>Is this a Transportation Accountability Act (TAA) Privatization Contract:</b>  <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>Estimated Contract Value:</b> (original contract period only) \$59,000.00	<b>Estimated Total Contract Value:</b> (original contract, plus any extension options) \$59,000.00	
<b>Contract Term: From:</b> 12-30-2022 <b>To:</b> 05-01-2022		<b>With an option to extend:</b> NO

**\*Note:** The combined contract and amendment(s) cannot exceed five years, unless otherwise provided for by law (Minnesota Statutes §16C.06, subdivision 3b(b)). The term of the original contract must not exceed two years, unless the Commissioner of Administration determines that a longer duration is in the best interest of the state.

<b>Applicable for solicitation processes only:</b> <b>Will only State funds be used?</b> <input checked="" type="checkbox"/> N/A <input type="checkbox"/> No <input type="checkbox"/> Yes* <b>*If Yes: Have you requested a TGB/Vet goal from the Office of Civil Rights?</b> <input type="checkbox"/> No <input type="checkbox"/> Yes	<b>Applicable for all processes:</b> <b>Will any federal funds be used?</b> <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes* <b>*If Yes: Have you requested a DBE goal from the Office of Civil Rights?</b> <input type="checkbox"/> No <input type="checkbox"/> Yes
--	--

*Agency certifies that Minnesota Statutes §15.061 and/or §161.20 authorizes the agency to enter into this P/T Services contract.*

**Nature of Contract:**

This is an LPP project that Houston County was selected for in the amount of \$59,000 that the State will pay for design services.

**Product or Result of the Contract:** the proposed design services would be used to develop a plan for constructing new approaches and realigning County State Aid Highway (CSAH) 3 with MnDOT Trunk Highway (TH) 26 for safety improvements.

**CONTRACT OPTION:**

- ☒ **Work Order Contract:** Contractor selection is in accordance with the Local Government Master Contract for trunk highway projects process.

**COMPLETE THIS SECTION FOR ALL CONTRACTS**

In accordance with Minnesota Statutes §16C.08, subdivision 3; provide the following:

- Describe how the proposed contract is necessary to achieve the agency's statutory responsibilities:** This is an LPP project that Houston County was selected for in the amount of \$59,000 that the State will pay for design services for a plan for safety improvements at TH 26 and CSAH 3.
- Describe your plan to notify firms or individuals who may be available to perform the services called for in the solicitation:**  
☒ Not Applicable – Master Contract work order

**3. Describe the performance measures or other tools that will be used to monitor and evaluate contract performance and how the results of the work will be used.**

- 3.1. Regular progress reports will be utilized during the course of the contract; MnDOT's standard performance evaluation will be completed at the end of the contract.
- 3.2. The results of the work will be used for highway design.

**COMPLETE THIS SECTION FOR ALL CONTRACTS – Agency Certifications**

Pursuant to Minnesota Statutes §16C.08, I certify:

**1. No state employee is (a) able and (b) available to perform the services called for by the contract.**

**1.1. How did you reach this conclusion?**

LPP project lead by the local agency.

**1.2. List other methods considered for accomplishing the work?**

Not a high enough priority regarding safety and pavement condition to warrant the work just yet.

- 2. Unless otherwise authorized by law, a competitive proposal process will be used to acquire professional or technical services. A competitive bidding process will not be utilized to acquire professional or technical services.
- 3. The following person(s) has/have been assigned to manage the contract, as well as monitor and act as liaison for the contract: Craig Lenz at 507-286-7558 (telephone number).
- 4. The agency will not allow a contractor to begin work before the contract is fully executed unless an exception under Minnesota Statutes §16C.05, subdivision 2a has been granted by the commissioner and funds are fully encumbered.
- 5. A contract will not establish an employment relationship between the state or the agency and any persons performing under the contract and shall not be used to circumvent the hiring freeze established by MMB on April 13, 2020.
- 6. In the event the results of the contract work will be carried out or continued by state employees upon completion of the contract, the contractor is required to include state employees in development and training, to the extent necessary to ensure that after completion of the contract, state employees can perform any ongoing work related to the same function.
- 7. The contractor and agents must not be employees of the state.
- 8. The terms of the contract must permit the commissioner to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the commissioner determines that further performance under the contract would not serve agency purposes.
- 9. The agency will not contract out its previously eliminated jobs for four years without first considering the same former employees who are on the seniority unit layoff list who meet the minimum qualifications determined by the agency.
  - ☐ The seniority unit layoff list was reviewed on [MM/DD/YYYY] (date, within past three months); OR
  - ☐ Not applicable or no one has been laid off from the unit in the last four years.
- 10. The terms of a contract must provide that no more than 90% of the amount due under the contract may be paid until the final product has been reviewed by the head of the agency entering into the contract and the head of the agency has certified that the contractor has satisfactorily fulfilled the terms of the contract, unless specifically excluded or modified in writing by the commissioner. This clause does not apply to contracts for professional services as defined in sections 326.02 to 326.15.

**Recommended for Approval (Authorized Representative)**

By/Date:

**MnDOT Approval (person with authority to sign Contracts on behalf of MnDOT)**

By/Date:

**Department of Administration, Office of State Procurement  
Professional/Technical Services Contract Section**

By/Date:

**RESOLUTION NO. 23-11**

**Mn/Dot Partnership Agreement  
Work Order Authorization**

**March 14, 2023**

WHEREAS, The Minnesota Department of Transportation wishes to cooperate closely with local units of government to coordinate the delivery of transportation services and maximize the efficient delivery of such services at all levels of government; and

WHEREAS, MnDOT and local governments are authorized by Minnesota Statutes sections 471.59, 174.02, and 161.20, to undertake collaborative efforts for the design, construction, maintenance and operation of state and local roads; and

WHEREAS: the parties wish to be able to respond quickly and efficiently to such opportunities for collaboration, and have determined that having the ability to write “work orders” against a master contract would provide the greatest speed and flexibility in responding to identified needs.

THEREFORE, be it resolved:

1. That Houston County enter into a Master Partnership Contract with the Minnesota Department of Transportation, a copy of which was before the Board.
2. That the proper County officers are authorized to execute such contract, and any amendments thereto.
3. That the County Engineer/ County Auditor/Treasurer is authorized to negotiate work order contracts pursuant to the Master Contract, which work order contracts may provide for payment to or from MnDOT, and that the County Engineer/ County Auditor/Treasurer may execute such work order contracts on behalf of Houston County without further approval by this Board.

\*\*\*\*\*CERTIFICATION\*\*\*\*\*

STATE OF MINNESOTA  
COUNTY OF HOUSTON

I, Donna Trehus, County Auditor/Treasurer do certify that the above is a true and correct copy of a resolution adopted by the Houston County Board of Commissioners at the session dated March 14, 2023.

WITNESS my hand and the seal of my office this 14th day of March 2023.

Signed by \_\_\_\_\_

Houston County Auditor - Treasurer

## Houston County Agenda Request Form

Date Submitted: February 23, 2023 Board Date: March 14, 2023

Person requesting appointment with County Board: Brian Pogodzinski

**Issue:**

Attached is the proposal from Stonebrooke Engineering for the preliminary design of the TH 26 and Houston County CSAH 3 intersection in Brownsville, MN. Stonebrook was previously recommended by the Land/Use committee in June 2022.

**Attachments/Documentation for the Board's Review:**

Stonebrooke's proposal and cost estimate.

**Justification:**

**Action Requested:**

Review and approve Stonebrooke's proposal for preliminary design work.

### For County Use Only

<b><u>Reviewed by:</u></b>	_____ County Auditor	_____ County Attorney	_____ Zoning Administrator
	_____ Finance Director	_____ County Engineer	_____ Environmental Services
	_____ IS Director	_____ Other (indicate dept)	_____

**Recommendation:**

**Decision:**

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.



a 12279 Nicollet Avenue, Burnsville, MN 55337  
o 952.402.9202 f 952.403.6803  
w [stonebrookeengineering.com](http://stonebrookeengineering.com)

Brian Pogodzinski, PE VIA Email to: [Brian.Pogodzinski@co.houston.mn.us](mailto:Brian.Pogodzinski@co.houston.mn.us)  
Houston County Engineer  
1124 East Washington Street  
Caledonia, MN 55921

**RE: Professional Services Proposal for Preliminary Design Services – CSAH 3 and TH 26 Intersection Improvements**

The CSAH 3 and TH 26 intersection in Brownsville MN is a 5-legged intersection including 2<sup>nd</sup> street, Adams Street, CSAH 3 and TH 26. Complicating the intersection further is the presence of several local businesses and residential properties located in close proximity to the intersection, steep approach grades on 2<sup>nd</sup> and Adam Street as well as a nearby cave system. While the intersection is not experiencing a crash problem, with only 3 crashes in the past 10 years the intersection configuration is confusing and will likely lead to issues as the area continues to grow.

MnDOT has identified the location as a possible LPP project and has requested that the County lead an effort to determine a recommended geometric configuration and intersection control for the location.

A key component of this project includes determining an appropriate solution that is agreed on by the City, County and State while navigating the LPP process.

Thank you for the opportunity to provide this Professional Services Proposal for Preliminary Design services. Our team is excited to contribute their expertise to improve the safety and operations of the CSAH 3 and TH 26 intersection in Brownsville. We are very familiar with this project and the intent of this request for proposal. Based on discussions with MnDOT and local agency staff we propose the following tasks.

**Task 1 Project Management**

Our project manager is fully prepared to manage internal staff and project delivery to deliver the tasks within scope, on time, within budget, meeting Houston County's, MnDOT's and industry standards of care, and in coordination with the County's project manager. The project manager will work in partnership with the County, State, and key project stakeholders to ensure the most responsible, efficient, and cost-effective solutions for this project are achieved. Consistent communication to expedite problem solving and issue resolution is a priority to maintain the project schedule. We will use technology including an FTP

site for sharing and receiving files to save time and money, and computer screen sharing during conference calls so that all parties are viewing the same information.

- We will approach this project with a critical path mentality and begin with the end in mind. An emphasis on open, proactive communication with all stakeholders will help to identify potential issues to be resolved throughout the completion of all project tasks.
- We will prepare and maintain a mutually agreed upon detailed schedule for all tasks and subtasks.
- Monthly conference calls will be held with the County's project manager to provide a summary of work completed for each of the primary tasks and to address concerns/issues.
- Monthly invoices will be submitted with labors hours broken down by task and progress status reports with each invoice.
- Quality Assurance and Quality Control checks will be performed consistent with Stonebrooke's Quality Management Plan. This will include ensuring that all deliverables are complete and accurate, and that all comments on deliverables are documented and resolved.

## Task 2 Public and Agency Involvement

We will work with the County project manager to establish the Project Management Team (PMT) members. Our project manager will be responsible for coordinating the Kick-off and PMT meetings as well as providing agendas and notes for meetings. Most meetings are assumed to be conducted virtually using Microsoft Teams or other video and screen sharing software preferred by the County. However, up to 3 in person meeting are included with this task. We will provide exhibits for project meetings.

## Task 3 Surveying and Mapping

**Right-of-Way Survey** A right-of-way survey will be performed for the project area. This includes the office and field work necessary to determine the location of the existing right-of-way boundaries.

Our work plan for this task includes:

- Records Research and Compilation - Prior to commencing the field work our team will conduct research for right-of-way, Public Land Survey corner, and other pertinent land corner information. All documents necessary to determine the location of the existing right-of-way lines along the corridor, and to map the location of adjoining properties, will be acquired. These documents may include right-of-way plats, right-of-way maps, subdivision plats, right-of-way and easement documents, property deeds, and any other pertinent documents.
- Preliminary Review, Computations, and Field Planning -Prior to commencing the field work a review and analysis of all gathered information will be conducted and a work plan for the survey field crews will be established. Search locations for any relevant monuments will be computed and provided to the field crews prior to conducting field searches and locating existing monuments and other evidence.
- Field Data Collection –The data collection will include locating right-of-way monuments, alignment monuments, Public Land Survey corner monuments, property corner monuments, and

other pertinent monuments along the corridor necessary to determine the existing right-of-way lines. The type and size of all found monuments will be identified. All the data will be collected on the Houston County Coordinate System.

- Data Review and Analysis– As field data is collected it will be thoroughly reviewed and analyzed by a licensed land surveyor to determine the existing right-of-way and ownership lines along the corridor. Additional field data will be collected, as necessary.
- Right-of-Way Base Map Preparation – A Right-of-Way Base Map will be prepared and linework will be drawn depicting the existing right-of-way and property lines along the corridor.

#### Task 4 Traffic and Concept Development

We will collect 13 hour turning movement traffic counts including data for each leg of the intersection as needed to analyze the existing and future operations. Traffic projections will be completed as part of the operations and capacity analysis of the intersection which will also include an analysis of peak traffic queues. In addition, we will review and summarize the crash history. The results of the analysis will be summarized in a traffic memo.

We will develop up to 3 conceptual layouts for the intersection. The concept layout will seek to minimize right of way impacts while improving safety and considering local factors of importance to the community including the nearby cave system. The layouts will be developed to a level sufficient to ensure constructability identifying potential right-of-way and utility impacts. An engineer's estimate will be developed for the alternatives for use in pursuing funding for construction of the project. We will work with County staff to identify and recommend geotechnical investigation needs for the project area. Design files compatible with AutoCAD and reproducible in 11x17 sheets will be provided.

#### Task 5 Utility Coordination

A Gopher State One Call locate request will be made prior to completing survey field work. This locate request will be coordinated so our surveyor can identify any in-place utilities not included with the provided topographic data.

#### Project Team

We are proposing a team of qualified individuals with the experience necessary to successfully complete this project for Houston County. Below are their qualifications.

##### Tim Arvidson, PE

##### Role: Project Principal

Tim is the co-founder and CEO of Stonebrooke Engineering. He is a registered professional engineer with 30 years of experience. He is responsible for the oversight of roadway reconstruction and transportation projects utilizing local, state, and federal funding delivered by the firm. Tim has presented at national conferences and has provided training and staff development to local Minnesota agencies. He has completed numerous transportation design projects ranging from major highway interchange projects to local/urban reconstruction projects, including 35 roundabouts on Minnesota roads. These abilities, along with extensive training, geometric operations knowledge, and partnerships with other industry leaders, have earned Tim a reputation as a



regional leader in transportation design and analysis. As the Project Principal of this project in Houston County, Tim will oversee the entire project and project team, ensuring a successful submittal at each stage of the project.

#### Kelly Besser, PE

##### Role: Project Manager

Kelly has over 15 years of experience in the design and management of transportation projects. Her experience includes construction inspection, environmental documentation, public engagement, stakeholder coordination, preliminary and final design, preliminary layout development, State Aid, MnDOT and Federal Aid construction plans, cost estimates, and writing and packaging bid and contract documents. She has played integral roles in major transportation projects for Stonebrooke over the years, which have given her a diverse background in detail design, public engagement, utility coordination, project management and contract administration. Her comprehensive background gives her the skills and knowledge to understand the process through every step and deliver successful transportation projects. Kelly is also an expert on ADA compliance and has an extensive background in both design and management of pedestrian safety improvement and Roundabout projects. As the Project Manager on this contract, Kelly will be responsible for overseeing the day-to-day operations and project team management.



#### Bill Brown, PE

##### Role: Project Engineer

Bill has over 6 years of experience in the transportation industry, working on a number of various transportation projects. He has gained valuable experience in construction inspection, documentation on transportation engineering and Federal Aid construction projects, as well as DOT and County design work. He also has experience in survey data collection, construction staking, MicroStation and GEOPAK. Bill is a vital member of the Stonebrooke design team and his experience working closely with Project Manager, Kelly Besser, on numerous roundabout design projects has been invaluable. As the Project Engineer on this contract, Bill will be responsible for providing preliminary design services, including layout development, design submittals, and coordination with Houston County.



#### Kate Miner, PE, PTOE

##### Role: Traffic Engineer

Kate is a professional traffic engineer with 23 years of experience, 18 of which were specifically focused on traffic operations and design. She has a diverse background in project management, transportation corridor studies, traffic analysis studies, and roadway reconstruction design projects. She is also familiar with traffic/transportation investigations and documents data and findings according to MnDOT, Federal Highway or other transportation organizations. As the Traffic Engineer for this project, Kate will be responsible for all traffic aspects of the project, including traffic counting and Peak Traffic Queue analysis.



#### Schedule

We understand initiating a joint project such as this will take time to coordinate the necessary agreement(s) with MnDOT. Our team will prepare a proposed project schedule for the PMT to review as part of the project kickoff meeting. After the meeting we will revise the schedule based on PMT feedback. Schedule updates will be performed under Task 1 Project Management with an expected completion date of February 15<sup>th</sup>, 2023.

### **Proposed Fee**

Our proposed hourly, not-to-exceed fee is \$70,925.90 based on our understanding of the work required and as outlined in our proposal. See the attached for a summary and detailed fee proposal breakdown of tasks and associated costs.

We appreciate your consideration of our proposal and welcome the opportunity to discuss specifics. Please contact me with any questions or concerns you may have regarding our proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Arvidson", with a stylized, flowing script.

Tim Arvidson, PE  
CEO

### **Attachments:**

Summary and Detailed Fee Proposal



# Stonebrooke

## DETAILED COST ESTIMATE

### ESTIMATED PERSON-HOURS AND FEES

CSAH 3 and TH 26 Intersection Improvements - Preliminary Concept Design  
Houston County

CLIENT: Houston County						
PROJECT: CSAH 3 and TH 26 Intersection Improvements - Preliminary Concept Design						
CONSULTANT: Stonebrooke Engineering, Inc.						
Task No.	Work Task Description					
TASK 1.0	PROJECT MANAGEMENT					
1.01	Plan and Manage Execution of all Project Tasks	10				
1.02	Prepare and Maintain Project Schedule	8				
1.03	Coordination and Communications	8	6			
1.04	Project Status Reports and Invoicing	4				
1.05	Quality Control	11	5			
	SUBTOTAL HOURS - TASK 1.0	41	11	0		0

<b>TASK 2.0 PUBLIC &amp; AGENCY INVOLVEMENT</b>					
2.01	Kick-off Meeting - Virtual	4	4		
2.02	Project Management Team (PMT) 1 Virtual Mtg (Agendas, Materials & Minutes)	15	4		
	<b>SUBTOTAL HOURS - TASK 2.0</b>	19	8	0	0

<b>TASK 3.0 SURVEYING &amp; MAPPING</b>					
3.01	Right of Way Survey	2			
	<b>SUBTOTAL HOURS - TASK 3.0</b>	2	0	0	0

<b>TASK 4.0 TRAFFIC &amp; CONCEPT DEVELOPMENT</b>					
4.01	Traffic Data Collection				6
4.02	Traffic Projection, Operations and Capacity Analysis				8
4.03	Safety Analysis				2
4.04	Traffic Memo				9
4.05	Data Collection - As-Built Roadway Plans, etc.	1	6		
4.06	Develop Inplace Utility and Topo. Plan		4	16	
4.07	Develop Concept Layout/Location (3)	4	8	100	
4.08	Submit Concept Layout for Review to County/MnDOT District/State Aid	1	2		
4.09	Finalize Concept Layout per Comments and Resubmit for approval	2	5	10	





**COST PROPOSAL**  
**CSAH 3 and TH 26 Intersection Improvements - Prelimin**  
**Houston County**

CLIENT: Houston County		STONEBROOKE ENGINEERING, INC.					
PROJECT: CSAH 3 and TH 26 Intersection Improvements - Preliminary Concept Design							
CONSULTANT: Stonebrooke Engineering, Inc.							
Task No.	Work Task Description	Project Manager	Project Engineer	Design Engineer	Traffic Manager	Traffic Engineer	
TASK 1.0	PROJECT MANAGEMENT	41	11	0	0	0	0
TASK 2.0	PUBLIC & AGENCY INVOLVEMENT	19	8	0	0	0	0
TASK 3.0	SURVEYING & MAPPING	2	0	0	0	0	0
TASK 4.0	TRAFFIC & CONCEPT DEVELOPMENT	10	43	130	25	73	73
TASK 5.0	UTILITY COORDINATION	0	2	3	0	0	0
TOTAL HOURS		72	64	133	25	73	73
AVERAGE HOURLY RATE		\$70.00	\$39.00	\$34.48	\$70.15	\$30.4	\$30.4
TOTAL DIRECT LABOR COST		\$5,040.00	\$2,496.00	\$4,585.84	\$1,753.75	\$2,219	\$2,219
OVERHEAD @ 1.4545							
SUBTOTAL LABOR AND OVERHEAD							
Fee @14%							
SUBTOTAL LABOR, OVERHEAD, AND PROFIT							
REIMBURSABLE EXPENSES							
TOTAL PRELIMINARY CONCEPT DESIGN PROJECT FEE							

# Houston County Agenda Request Form

Date Submitted: March 8, 2023 Board Date: March 14, 2023

Person requesting appointment with County Board: Brian Pogodzinski

**Issue:**

Board approval requested for the Avfuel agreement.

**Attachments/Documentation for the Board's Review:**

Agreement is attached.

**Justification:**

Houston County has been with Avfuel since 2015 when we switched to become a branded dealer. Avfuel works well with our Fuelmaster fuel system and has provided great service not only in fuel education and supply but also with credit card support. They are very responsive and easy to work with. There were concerns regarding insurance and the venue of jurisdiction and governing law. The highway department has checked with other branded dealers in MN and none have successfully altered this contract to change the insurance or venue requirement.

**Action Requested:**

Board approval for Brian Pogodzinski to sign the Avfuel contract.

For County Use Only			
<b>Reviewed by:</b>	<input type="checkbox"/> County Auditor	<input type="checkbox"/> County Attorney	<input type="checkbox"/> Zoning Administrator
	<input type="checkbox"/> Finance Director	<input type="checkbox"/> County Engineer	<input type="checkbox"/> Environmental Services
	<input type="checkbox"/> IS Director	<input type="checkbox"/> Other (indicate dept)	
<b><u>Recommendation:</u></b>			
<b><u>Decision:</u></b>			

All agenda request forms must be submitted to the County Auditor by 4:00 p.m. on Monday in order to be considered for inclusion on the following week's agenda. The Board will review all requests and determine if the request will be heard at a County Board meeting.



**AVIATION FUEL SUPPLY AGREEMENT****GENERAL TERMS AND CONDITIONS**

**1. PURCHASE AND SALE:** Subject to the terms and conditions contained herein, throughout the entire term of this Agreement, Avfuel agrees to sell and deliver, and Customer agrees to purchase from Avfuel and pay for, the Customer's entire requirements for all aviation fuel products, including, without limitation, SAF, G100UL, and hydrogen based fuel (the "Products") and other aviation electricity and energy products, including, without limitation, aircraft charging services, charging stations, and charging equipment (the "Alternative Products") to be handled, stored, used, distributed or sold by Customer or its affiliates at each airport (each an "Airport") listed in the Special Terms and Conditions, including without limitation those Products and Alternative Products that the Customer is presently using that are identified in the Special Terms and Conditions. If, at any time during the term of this Agreement the Customer, or any entity controlled by or in common control with Customer, operates any other facility that sells aviation fuels or Alternative Products at a listed Airport (each a "Supplemental FBO"), then Customer shall or shall cause such other entity to enter into a new AVIATION FUEL SUPPLY AGREEMENT with Avfuel (on the same terms and for the same duration as this Agreement) for the supply of 100% of the requirements of the Supplemental FBO for aviation fuel and, to the extent made available at such location by Avfuel, the supply of 100% of the requirements of the Supplemental FBO for Alternative Products. If Customer requests and Avfuel agrees to deliver to any location not listed in the Special Terms and Conditions (each an "Alternate Location") and, to the extent that the terms of delivery to such Alternate Location is not governed by a separate agreement between Avfuel and Customer, delivery to such Alternate Location shall be governed by the terms of this Agreement; provided, however, that applicable pricing and taxes for each Alternate Location shall be determined by the market price of Products and Alternate Products and applicable taxes at the delivery address of the Alternate Location. Customer represents and warrants that all products and services purchased hereunder will be for commercial purposes and Avfuel has relied on this representation in entering into this Agreement. Avfuel has entered this Agreement with the Customer on the expectation and condition that (a) the Customer's deliveries of Products and Alternative Products at the Delivery Addresses will be limited to deliveries to end users pursuant to direct sales by the Customer to those end users and deliveries to purchasers listed as Contract Fuel Customers (a "CFC") to facilitate direct sales by Avfuel to those CFCs pursuant to Avfuel's Contract Fuel Program (the "CFD Program"), (b) the Customer will make deliveries of aviation fuel at the Delivery Addresses to purchasers listed as CFCs only pursuant to the CFD Program and will not make direct sales to those CFCs and (c) except for sales pursuant to the CFD Program to purchasers listed as CFCs for brokered resale by those CFCs to end users or resale otherwise brokered through Avfuel, the Customer will not make any deliveries (or hold inventories) of aviation fuel at the Delivery Addresses pursuant to brokered sales (i.e. sales to end users in which a third party receives a brokerage margin or commission or other fee from the Customer or the end user or sales to third parties who resell the fuel to end users). The Customer acknowledges that these conditions are necessary to preserve Avfuel's continuing investment in developing and maintaining Avfuel's network and that Customer's failure to comply with these conditions will result in Avfuel's exercise of the rights pursuant to Article 11 of the General Terms and Conditions.

**2. TERM:** The initial term of this Agreement is seven (7) years, beginning on the Effective Date specified in the Summary. The term shall be automatically renewed for successive five (5) year terms until one Party delivers a Notice to the other Party of its intent to terminate at the end of the then current term. Such Notice shall be delivered at least ninety (90) but not more than one hundred twenty (120) days prior to the expiration of the current term.

**3. PRICE AND PAYMENT:**

3.1. Unless otherwise agreed in writing by the Parties, the price per gallon for Products delivered to Customer shall be as established by Avfuel from time to time in its discretion based upon market and other conditions that it deems pertinent based on the date and time that Avfuel loads the Products into delivery trucks. Prices shall be F.O.B. the Customer's facilities at the Airports (each a "Delivery Address") and shall be exclusive of all taxes, fees, surcharges and other charges.

3.2. Unless otherwise agreed in writing or otherwise required by the state law where the Product is delivered, the standard unit of measurement of quantities of Products purchased and delivered shall be the Net Gallon. The term "Net Gallon" shall mean the volumetric measurement, in U.S. gallons, of a Product actually loaded and measured at the point of shipment, adjusted to the number of U.S. gallons that would have been loaded at a temperature of sixty degrees Fahrenheit (60°F). The conversion ratio shall be from the current American Society for Testing and Materials ("ASTM") IP Petroleum Measurement Tables.

3.3. Unless otherwise agreed in writing by the Parties, Customer agrees to pay in advance by bank wire transfer for all Products purchased hereunder. Failure to pay in advance shall be construed as a credit transaction and shall be subject to the Terms and Conditions of the Customer Credit Program set forth below.

**4. TAXES AND OTHER CHARGES:**

4.1. Customer shall pay all taxes, assessments, fees and other charges (the "Taxes") which are imposed by any federal, state or local governmental agency or by any airport authority (collectively, the "Taxing Authorities") based upon the delivery, sale, importation, inspection, storage or use of the Products purchased by Customer, excepting Taxes which are imposed upon Avfuel based upon its net income or revenues.

4.2. If the Taxing Authorities collect the Taxes directly from Customer, then Customer shall pay all such Taxes on or before their due dates. If the Taxing Authorities require that Avfuel collect the Taxes from Customer at the time of sale, Avfuel will use its best efforts to include all such Taxes in its invoices to Customer and Customer shall pay all such invoices on or before their due dates. (In its invoices, Avfuel will identify those Taxes as separate items.) If Customer is entitled to an exemption from any Taxes which the Taxing Authorities require to be collected by Avfuel, then, in order to permit Avfuel not to collect those Taxes, Customer shall obtain and provide to Avfuel current and valid exemption certificates relating to those Taxes. If, subsequent to the issuance of any invoice, the Taxing Authorities or Avfuel advise Customer of additional Taxes payable with respect to the Products covered by that invoice, then Customer shall promptly pay such additional Taxes.

**4.3. CUSTOMER ACKNOWLEDGES THAT IT REMAINS SOLELY RESPONSIBLE FOR ALL SUCH TAXES, AND WILL INDEMNIFY AVFUEL AGAINST ANY LIABILITY FOR SUCH TAXES EVEN IF AVFUEL FAILS FOR ANY REASON TO INCLUDE ANY SUCH TAXES IN ITS INVOICES TO CUSTOMER. HOWEVER, AVFUEL WILL INDEMNIFY CUSTOMER AGAINST ANY LATE CHARGES, PENALTIES OR OTHER CHARGES THAT CUSTOMER INCURS IF AVFUEL'S FAILURE TO INCLUDE ANY TAXES IN ITS INVOICE IS DUE TO GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.**

4.4. Customer's obligation to indemnify Avfuel shall extend to any Taxes which are assessable against Customer as a result of any subsequent change or reinterpretation of the laws relating to those Taxes or any exemptions from those Taxes and to any Taxes for which an exemption had been claimed but which are subsequently assessed by Taxing Authorities based upon its rejection of the claimed exemption for the Products or Customer.

**5. DELIVERY:**

5.1. Deliveries shall be made to the Delivery Address(es) listed in the Special Terms and Conditions. Avfuel or its authorized shipping agent ("Shipping Agent") shall be provided access to Customer's storage facilities during normal business hours, or at such other times as may be approved by Customer's authorized representative, for the purpose of unloading the Products. Unless otherwise agreed in writing, the minimum delivery of Jet A or Avgas fuel will be a full standard transport tanker load as determined by the maximum allowable Gross Vehicle Weight between the supply point and the delivery address. Avfuel reserves the right to impose a surcharge for deliveries of less than a full tanker load.

5.2. Delivery shall be into tanks designated by Customer. Such designation shall be construed as a warranty that the designated tanks and containment areas have been inspected and approved by the appropriate regulatory agencies. Customer shall be responsible for all unloading operations including the placement of hoses into the proper storage tanks. Customer shall specifically designate and gauge the available capacity of the tanks into which the Product shall be unloaded, and shall bear all responsibility of spillage or contamination of the Product after it leaves the end of any properly operating hose provided by Avfuel or its Shipping Agent. Access to Customer's tanks shall be furnished in such a manner that Avfuel or its Shipping Agent can safely and conveniently reach Customer's storage facility with the hoses available, and Avfuel or its Shipping Agent may refuse to complete any delivery which Avfuel or the Shipping Agent determines, in its sole discretion, cannot be made safely.

5.3. Customer shall be responsible for all demurrage charges assessed by the Shipping Agent for additional time spent at the Delivery Address(es) or any Alternative Location.

5.4. Any claim by Customer of any discrepancy in the quantity of the Product delivered shall be effective only if Avfuel is immediately notified, while Shipping Agent is still present. **GIVEN THE NATURE OF THE PRODUCTS, TIME IS OF THE ESSENCE WITH RESPECT TO SUCH CLAIMS AND NO CLAIM SHALL BE PERMITTED OR EFFECTIVE UNLESS DELIVERED WITHIN THE SPECIFIED PERIOD.**

6. **FORCE MAJEURE:** Except as provided below, neither Party shall be responsible for any failure to comply with the terms of this Agreement due to causes beyond its reasonable control for the period the effects of such causes continue. These causes shall include but shall not be restricted to: fire, storm, flood, earthquake, explosion, accident, acts of any local, state or federal authority or agency or of a public enemy, war, rebellion, terrorism, insurrection, sabotage, epidemic, quarantine restrictions, labor disputes, transportation embargoes or delays, acts of God and unavailability of the Product. For purposes of this Agreement, the term "unavailable" shall mean that Avfuel, for any reason whatsoever, including but not limited to government action, reduced or allocated fuel supplies, lack of transportation or the like, is unable to procure and deliver a specific Product on a commercially reasonable basis within two (2) days of the specific time requested by Customer. In that event, and only to the extent of such unavailability, the Parties hereto shall be relieved of their obligations under the applicable provisions of this Agreement. If and as applicable, Avfuel will comply with any governmental statute or regulation mandating the allocation of available supplies of Products. The provisions of this Section shall not apply to the failure of a Party to pay any monetary amounts when due under this Agreement.

#### 7. LIMITED WARRANTY:

7.1. Avfuel warrants that all Products delivered pursuant to this Agreement will, at the time of delivery, conform to the then latest revision of following specifications: Aviation Gasoline will conform to the ASTM Specification D910; and Jet Fuel will conform to the ASTM Specification D1655 and Alternative Products will conform to the then current applicable specifications. Avfuel retains the right to revise the applicable specifications upon written Notice to Customer.

7.2. **THE LIMITED WARRANTY STATED ABOVE IS THE ONLY WARRANTY GIVEN BY AVFUEL REGARDING THE PRODUCTS. AVFUEL DISCLAIMS ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.**

7.3. Customer shall sample and test each shipment of Product prior to delivery using industry standard test procedures. If Customer determines or suspects non-conformity then Avfuel must be immediately notified, while the Shipping Agent is still present, and the delivery shall not be completed until either Customer accepts the Product, acknowledging conformity or Avfuel replaces the Product. Customer will permit Avfuel access to Customer's premises and records during normal business hours and upon four (4) hours' telephonic or written Notice to Customer for purposes of investigating any claim of non-conformity. If it is determined that the Product is non-conforming, Avfuel's sole obligation shall be either (1) replacement of the non-conforming Product with conforming Product, or (2) removal of the non-conforming Product and cancellation of the invoice for that Product or refund of the amount paid for that Product, as determined by Avfuel. Avfuel will be reasonably prompt in its actions hereunder. **TIME IS OF THE ESSENCE AND ANY FAILURE TO FOLLOW THE ABOVE PROCEDURE SHALL VOID THE LIMITED WARRANTY.**

#### 8. COMPLIANCE WITH LAWS:

8.1. Each Party shall, at all times and in all respects, comply with all federal, state, county or municipal laws, ordinances, rules and regulations governing its actions in the purchase, storage, handling, use and sale of the Products and all industry standards pertaining thereto, including those that may contain tetraethyl lead or lead alkyl. Further, each of the Parties agree to use its reasonable best efforts to assist the other Party in complying with such laws, ordinances, rules and regulations which the other Party may be required to observe in the performance of its obligations under this Agreement. Each Party reserves the right to terminate those portions of this Agreement governing the purchase of a Product if the other Party violates the provisions of this subsection with respect to that Product. In such event, the remaining provisions of this Agreement shall continue in full force and effect.

8.2. Each Party shall properly instruct its employees, agents and contractors with regard to compliance with all applicable laws, ordinance, rules, regulations and standards governing the use, sale and distribution of the Products that are the subject of this Agreement.

9. **INDEPENDENT STATUS:** Each Party shall at all times function as an independent contractor and not as a subcontractor, employee or other agent of the other Party. Neither Party shall have the authority to and shall not purport to make any commitments or representations on behalf of the other Party or otherwise to take any actions on behalf of the other Party.

10. **RECIPROCAL INDEMNIFICATION: EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, EACH PARTY (AS SUCH, THE "INDEMNIFYING PARTY") AGREES TO INDEMNIFY AND TO HOLD HARMLESS THE OTHER PARTY AND THE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS OF THE OTHER PARTY (AS SUCH, THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, LOSSES, LIABILITIES, CAUSES OF ACTION, COSTS OR EXPENSES (INCLUDING ATTORNEY'S FEES) OF WHATSOEVER NATURE WHICH ARE ASSERTED AGAINST OR INCURRED BY ANY INDEMNIFIED PARTY AS A RESULT OF THE BREACH BY THE INDEMNIFYING PARTY OF ITS OBLIGATIONS UNDER THIS AGREEMENT OR AS A RESULT OF ANY NEGLIGENCE OR INTENTIONAL MISCONDUCT OF THE INDEMNIFYING PARTY OR OF ANY OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS OF THE INDEMNIFYING PARTY. ANY AMOUNT PAYABLE BY THE INDEMNIFYING PARTY UNDER THIS SECTION 10 SHALL BE DUE WITHIN TEN (10) DAYS AFTER WRITTEN DEMAND AND ANY SUCH AMOUNT WHICH IS NOT PAID WHEN DUE SHALL BEAR INTEREST FROM THE DUE DATE TO THE DATE OF PAYMENT AT THE RATE OF 16% PER ANNUM (OR, IF LESS, AT THE MAXIMUM RATE OF INTEREST PERMITTED UNDER THE LAWS OF THE STATE IN WHICH THE INDEMNIFYING PARTY HAS ITS PRINCIPAL PLACE OF BUSINESS). WITHOUT LIMITING THE GENERALITY OF THE ABOVE PROVISIONS, THE OBLIGATION OF THE INDEMNIFYING PARTY UNDER THIS SECTION 10 SHALL INCLUDE ANY REASONABLE ATTORNEY'S FEES OR OTHER COSTS INCURRED BY THE INDEMNIFIED PARTIES IN ENFORCING THE OBLIGATION OF INDEMNITY UNDER THIS SECTION. EACH PARTY'S OBLIGATION TO INDEMNIFY SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT AND SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL THE LAPSE OF ALL APPLICABLE STATUTES OF LIMITATIONS OR SIMILAR TIME PERIODS WITHIN WHICH AN ACTION FOR INDEMNITY OR CONTRIBUTION MUST BE BROUGHT.**

#### 11. BREACH AND TERMINATION:

11.1. Failure of a Party to comply with the provisions of this Agreement shall constitute a breach of the Agreement by the non-complying Party. Except as otherwise permitted under this Agreement, the non-breaching Party shall provide Notice of that breach to the other Party in the manner set forth in Section 16. The Notice shall specify the alleged breach and the period within which the breach must be cured which, except as provided in Section 11.2, shall be at least ten (10) business days. The Party receiving such Notice shall respond thereto in writing within three (3) business days. If the breach is not cured or the dispute resolved within the period specified in the Notice, the Party claiming breach, by further written Notice, at its election, may affirm this Agreement and initiate appropriate legal actions to require the other Party to remedy that breach or may immediately terminate this Agreement. In either instance, the Party claiming the breach may by appropriate legal proceedings seek and secure recovery of any damages resulting from that breach.

11.2. The provisions of Section 11.1 to the contrary notwithstanding, if the breach is of the Customer's obligation to make a payment to Avfuel when due, then Avfuel may declare all amounts owed to it under this Agreement immediately due and payable, and Avfuel, in addition to all other rights hereunder, may suspend its performance or terminate this Agreement forthwith and without giving Customer Notice or the opportunity to cure. Avfuel shall also have the right to offset any amount that Avfuel then or thereafter owes to Customer, to any guarantor of the Customer's obligations under this Agreement or to any affiliate entity that owns, is owned by or is under common ownership with the Customer against any amounts

owed by Customer to Avfuel. Customer warrants that it is authorized to make this commitment with respect to amounts owed by Avfuel to such guarantors and affiliate entities. In addition, Avfuel or its agents or employees may, without further Notice and without legal process enter onto any facility of Customer for the purpose of repossessing any item of Equipment or any personal property of any description owned by Avfuel, and Customer shall use its best efforts to assist Avfuel in such repossession. Exercise of the foregoing remedies shall not constitute a waiver of any amount due by Customer hereunder or of any damages accruing by reason of the breach of any of the terms or conditions of this Agreement. Fuels on board repossessed Equipment will become the property of Avfuel, and credited against any amount owed Avfuel by Customer at that day's market price.

11.3. The Party claiming a breach may waive that breach by giving Notice to the other Party in the manner set forth in Section 16 below. The waiver of any breach shall not constitute a waiver of any subsequent breach of the same or any other term or condition. Any failure of either Party to enforce rights or seek remedies arising out of any breach by the other Party shall not prejudice or affect the rights and remedies of that Party in the event of any subsequent breach by the other Party.

11.4. Except as set forth in Section 11.2, any dispute that arises under this Agreement, pursuant to Section 11.1 or otherwise, shall be submitted to a senior officer or other person having the authority to negotiate the resolution of such disputes for each Party. Those persons shall attempt, in good faith, to resolve the dispute, and no action in law or equity shall lie until the process set forth herein shall have run its course. If the dispute involves the payment of money, all undisputed amounts shall be paid when due regardless of whether the undisputed amount is only part of an invoice.

11.5. The exercise of a Party's right to terminate the Agreement or to exercise any other remedy shall not be deemed an election of remedies and shall be without prejudice to the non-breaching Party's rights to exercise any other remedy afforded to it by this Agreement or by law or equity. In any action related to the enforcement or breach of this Agreement, the prevailing Party shall have the right to recover its reasonable attorney's fees and costs actually incurred.

## 12. INSURANCE:

12.1. Customer shall secure and at its cost shall thereafter maintain in effect during the term of this Agreement the following insurance and furnish Avfuel a Certificate of Insurance evidencing: (1) aviation general liability insurance, including products and completed operations liability, with limits not less than one million dollars (\$1,000,000.00) combined single limit for bodily injury and property damage; and (2) automobile liability insurance with limits not less than one million dollars (\$1,000,000.00) combined single limit for bodily injury and property damage; (3) workers compensation covering all employees of Customer and (4) physical damage coverage covering the value of any leased Equipment. Insurance policies shall be issued by insurance companies acceptable to Avfuel (whose acceptance may not be unreasonably withheld), shall name Avfuel, or its subsidiary, as applicable, as an additional insured and/or loss payee, and shall provide for at least thirty (30) days' written Notice to Avfuel prior to cancellation or modification. Prior to the Effective Date stated in the Summary, and from time to time thereafter as requested by Avfuel, Customer shall furnish Avfuel a Certificate of Insurance evidencing compliance with this Section.

12.2. Customer may, if it chooses, apply for this insurance through Avfuel's subsidiary, Avsurance Corporation.

12.3. Avfuel currently offers to qualifying customers that participate in Avfuel's Brand Program ("Branded Dealers") the opportunity to participate in Avfuel's Excess Aviation Liability Insurance Program. To qualify, a Branded Dealer must maintain as its primary insurance coverage an Airport Liability Policy with premises, products and completed operations coverage of \$1,000,000 (combined single limit) issued by an insurer acceptable to Avfuel. This Program currently allows qualifying Branded Dealers, at no charge, to be designated as additional insured parties under an Excess Aviation Liability Insurance Policy secured by Avfuel, with excess coverage in the amount of \$50,000,000 against claims for bodily injury or property damage resulting from defects in any aviation gasoline and jet fuel that is supplied by Avfuel to the Branded Dealer and resold by the Branded Dealer to end users.

To participate in this Program and secure this excess coverage, the Branded Dealer must complete and submit to Avfuel the required Application and provide to Avfuel a Certificate of Insurance confirming its primary insurance coverage and naming Avfuel as an additional insured. A Branded Dealer becomes an additional insured under Avfuel's Aviation Products Excess Liability insurance coverage on the date that Avfuel delivers Notice to the Branded Dealer that its Application and Certificate of Insurance have been approved by Avfuel and the excess coverage will be applicable to occurrences following that date.

Avfuel reserves the right to discontinue this Program or to require the Customer to pay a charge for participation in this Program. But in that event, Avfuel will deliver Notice to the Branded Dealer at least thirty (30) days prior to the effective date of that discontinuance or cost change so that the Branded Dealer has the ability if it chooses to make alternative arrangements.

## 13. CUSTOMER CREDIT:

**IN THE EVENT THAT AVFUEL CHOOSES TO DELIVER GOODS OR SERVICES THAT HAVE NOT BEEN PAID FOR IN FULL BY WIRE TRANSFER PRIOR TO THE TIME OF THAT DELIVERY, AVFUEL SHALL BE CONSTRUED AS HAVING EXTENDED CREDIT TO CUSTOMER AND THE TERMS AND CONDITIONS IN THIS SECTION SHALL APPLY.**

13.1. Credit terms may not be used during any period in which the Customer is in breach of its obligations under this Agreement. In addition to the provisions of Section 11 of the General Terms and Conditions, for the specific purposes of this Customer Credit Program, the Customer will be in breach if (a) any amount charged to the Customer's account is not paid in accordance with the agreed upon payment terms; (b) if and for so long as the Customer is in breach of any of its obligations under any Agreement with Avfuel or any of its subsidiaries; or (c) if Avfuel determines that there is any misrepresentation or breach of a warranty by the Customer under or with respect to any Agreement with Avfuel. Use of credit is limited to the amount specified in the Special Terms and Conditions of this Agreement. No purchase may be made which would cause the total amount owed under this Agreement to exceed that credit limit.

13.2. Upon termination of this Agreement, Customer shall have no right to credit terms for new purchases, but all obligations incurred prior to the termination, as well as all remedies provided for default or breach, shall survive. If Avfuel, intentionally or unintentionally, permits any purchases on credit after termination, then the terms of this Agreement shall pertain to those charges.

13.3. Subject to the approval by Avfuel at its offices in Michigan, all purchases by Customer for which Avfuel does not receive payment at or prior to the time of delivery to Customer shall be charged as principal to Customer's account. Avfuel may require Customer or Customer's authorized representative, as a condition of delivery or at any time thereafter, to give receipt for all deliveries in writing and to sign sales slips and other documents in Avfuel's opinion necessary to record or substantiate any or all transactions resulting in a charge to Customer's account.

13.4. Avfuel shall invoice Customer for all Products delivered to Customer or to Customer's designees. Invoices shall include the selling price of the Products delivered, taxes, duties, and any other charges as separate line items. Each invoice will be payable in full on or before that due date specified in that invoice.

13.5. Unless otherwise determined by Avfuel in its discretion, all payments received will be applied by Avfuel (subject to collection of remittance if other than cash) first to interest, if any, accrued on Customer's account, then to the unpaid principal balance owed upon such account in direct calendar order of due date.

13.6. Customer agrees to pay to Avfuel upon demand a fee of \$50.00 for each check, draft or other form of remittance that is not honored by the drawee upon due presentment by Avfuel or its agents.

13.7. From time to time, Avfuel may send Customer a statement of Customer's account for Customer's information showing in summary, or in such detail as Avfuel may deem appropriate, current transactions Avfuel posted to Customer's account to date thereof, the amount of interest (if any) which has accrued, and the balance owing thereon; however, the failure of Avfuel to furnish any such statement shall not relieve Customer of the obligation to make payment against invoices when due in accordance with the other terms of this Agreement. Customer agrees to review all statements promptly after receipt, and shall have fifteen (15) days from date of receipt to notify Avfuel in writing of any discrepancies. If no such Notice is given, such statement shall be conclusively presumed correct.

13.8. In the event that any invoice is not paid in full by the due date stated therein, the unpaid amount of the invoice shall bear interest until paid at the lower of 18% per annum or the highest rate which may lawfully be contracted for, charged and received according to applicable law for business purchases at the time of delivery. Notwithstanding anything in this Agreement to the contrary, Customer shall never be obligated to pay and Avfuel shall never be entitled to receive any interest upon any indebtedness incurred by Customer pursuant hereto in excess of the maximum contract rate of interest authorized by applicable law for business purposes, and it is expressly understood and agreed that if Avfuel shall render any charge for the payment of usurious interest, such charge shall be automatically and unconditionally reduced to the maximum non-usurious amount, and the excess, if paid, shall be applied as credit to Customer's account. If such application results in a credit

balance in Customer's said account, such balance shall be refunded to Customer or applied to the next due amount in such account as Customer shall direct.

13.9. If, at any time during the term of this Agreement, the financial responsibility of Customer becomes impaired or unsatisfactory to Avfuel, in the sole judgment of Avfuel, Avfuel, effective immediately upon delivery of Notice to Customer, may require the advance cash payment or other security satisfactory to Avfuel for any shipment of fuel and shipment may be withheld until such payment or security is received.

13.10. For the purpose of securing a payment of all indebtedness of Customer to Avfuel from time to time outstanding (including, without limitation, any amounts due under this Agreement or any other agreement or instrument between Avfuel and the Customer) grants to Avfuel a purchase money security interest in and to all of Customer's inventory of the Products purchased from Avfuel, and all accounts, contract rights and other proceeds from such inventory, whether now owned or hereafter acquired. Customer warrants that the purchase money security interest granted herein is and shall remain superior to any other security interests granted by Customer to any other entity. For so long as this Agreement is in effect, all of Customer's inventory of aviation fuels will be presumed to be Products purchased pursuant to the Agreement and subject to the purchase money security interest granted by this Agreement. Customer hereby authorizes Avfuel to sign and record all financing statements and other instruments which Avfuel may reasonably require in order to create, perfect and continue in force said security interest and first priority lien. Customer authorizes Avfuel to file a true copy of this Agreement in lieu of any financial statement. The rights and obligations of Avfuel and the Customer under and with respect to the security interest and first priority lien created by this Section shall be interpreted in accordance with the Uniform Commercial Code in effect in the state of the Billing Address of the Customer as stated in the Summary.

13.11. THIS PARAGRAPH APPLIES ONLY TO THOSE PERSONS WHOSE SIGNATURES APPEAR AS GUARANTORS ON THE SIGNATURE PAGE OF THIS AGREEMENT. PERSONS SIGNING AS GUARANTORS SHALL BE CONSTRUED AS PERSONAL GUARANTORS REGARDLESS OF ANY OTHER DESIGNATION. In consideration of Avfuel extending credit to Customer and as a substantial inducement to Avfuel to do so, each of the parties signing as Guarantors on the signature page of this Agreement hereby guaranty payment and performance when due of (i) all indebtedness of the Customer that is now existing or hereafter created by the Customer to Avfuel or any subsidiary or affiliate of Avfuel (collectively, the "Avfuel Affiliates"); (ii) all obligations of Customer under each existing and future written or oral agreement between Customer and any Avfuel Affiliate, including, without limitation, the Aviation Fuel Supply Agreement and Customer Credit Agreement, (iii) all obligations of Customer under any and all modifications, extensions, renewals and rearrangements of any of the foregoing and (iv) all legal expenses (including attorney fees) incurred by Avfuel in the enforcement of the Guaranteed Obligations and against that Guarantor(s) under this of Customer under any and all modifications, extensions, renewals and rearrangements of any of the foregoing and (iv) all legal expenses (including attorney fees) incurred by Avfuel in the enforcement of the Guaranteed Obligations and against that Guarantor(s) under this guaranty (collectively, the "Guaranteed Obligations"). If this Guarantee is signed by two or more Guarantors, then the obligations of the Guarantors hereunder are joint and several. Each Guarantor waives any right to any notice of any modification, extension, renewal or rearrangement of any Guaranteed Obligation, any waiver or any release of any Guaranteed Obligation and any exchange, release or substitution of any collateral securing any Guaranteed Obligation. Each Guarantor waives notice of acceptance of this Guarantee, notice of default on the part of Customer under any Guaranteed Obligation and all other notices that the Guarantors may otherwise be entitled to receive. Each Guarantor acknowledges and agrees that no modification, extension, renewal or rearrangement of any Guaranteed Obligation, no waiver, release of any claims with respect to any Guaranteed Obligation and no exchange, release or substitution of any collateral securing or to secure payment or performance of any Guaranteed Obligation shall be construed as a waiver, release or modification of the obligations of the Guarantors under this Guarantee. This Guarantee is of payment and performance and not of collection. Accordingly, in the event of a default by Customer under any Guaranteed Obligation, Avfuel may seek and secure payment or performance directly against any or all of the Guarantors without first seeking payment or performance by Customer or any other Guarantor. This is a continuing Guarantee and shall not be revoked by the death or disability of any Guarantor and shall not be revoked by the death of any individual party or by the dissolution of any corporate party or any other entity that is a party hereto, and shall remain in force until Avfuel receives written notice to extend no further credit to Customer on the security of this Guarantee. Such notice shall not discharge any obligation of any Guarantor as to any then existing indebtedness or obligation of Customer arising out of a transaction that took place prior to the receipt of such notice, regardless of the time for determination, maturity, or performance thereof. Each Guarantor hereby authorizes Avfuel to make such credit investigations necessary to satisfy itself as to the credit worthiness of the Guarantor and agrees upon request to provide periodic

statements of financial condition to Avfuel. This Guarantee shall survive the termination of this Agreement until all amounts due Avfuel under this Agreement have been paid in full.

#### 14. CREDIT, CHARGE CARD, AND PAYMENT ACCEPTANCE:

14.1. Customer is participating in Avfuel's Credit, Charge Card, and Payment Acceptance Program (the "Payment Acceptance Program") Accordingly, unless otherwise agreed in writing, Customer must use Avfuel's platform and gateway for all its payment processing needs and Customer shall honor any valid credit or charge card or other non-card based payment modality listed as accepted in the most current Acceptable Card and Payment List ("ACL") issued by Avfuel and published from time to time on its website at Avfuel.com (the "Accepted Cards") for the purchase by the party to which that card/payment method is issued (the "Cardholder") of products and services if the purchase has been specifically approved by Avfuel. To the extent that a non-card payment modality is not listed among the Approved Cards on the ACL, Customer shall be allowed to process such payment outside of Avfuel's gateway until such payment modality is included among the Approved Cards on the ACL.

14.2. Customer shall prepare a voucher for each transaction (a "Card Transaction") with an Accepted Card (a "Voucher") and shall promptly submit that Voucher to Avfuel. The term "Voucher" means an electronically prepared credit card slip or other written record of a credit sale in form acceptable to Avfuel that has been fully completed by Customer and for which Customer is retaining a copy signed a person authorized to use that Accepted Card (an "Authorized User"). Each Voucher must be submitted electronically by means of an approved point of sale machine or point of sale software system (a "POS Device") in accordance with the instructions contained in the then current edition of Avfuel's Manual that can be viewed or downloaded at Avfuel's website at Avfuel.com or according to the approved point of sale software vendors instructions. In all Card Transactions, the Customer is responsible for making sure that the card presented is an Accepted Card and is not expired and that the person signing the Voucher is an Authorized User. In Card Transactions where the Voucher is first prepared manually, the Customer is also responsible to make sure that the Voucher is complete and legible. If imprinted and hand written amounts on a Voucher do not agree the lesser amount shall be presumed to be correct. The Customer shall make a manual imprint of all cards electronically processed but requiring that the card number be entered manually, in order to prove that the card was present at the time of sale. "Promptly" means batches of Vouchers should be submitted (settled) at least once per day and by 11:00 PM Central Time but in no case any less frequently than once every 72 hours. Customer must keep copies of signed Vouchers and summaries for a period of seven (7) years and supply Avfuel with duplicates if requested. Manual Card Transactions are for pre-arranged emergency processing only and are not accepted under most circumstances. Higher discount rates apply for manual Card Transactions and electronic Card Transactions not settled and received daily by 11 pm Central Time.

14.3. Upon receipt from the Customer of a properly prepared and processed Vouchers, Avfuel shall, on its normal schedule, remit to Customer or, as Avfuel may elect, credit Customer's fuel purchase account with Avfuel, in an amount equal to the total face amount of all such Vouchers less such discounts as applicable according to Avfuel's then current Accounts Receivable Discounts Schedule ("ARDS") issued to Customer by Avfuel and subject to adjustments and chargebacks as provided in Section 14.7 below and less any fees for AVTRIP point awards. In addition to any lien rights which Avfuel might otherwise possess as a result of services provided to the Cardholder, upon Customer's receipt of the payment or credit from Avfuel for the Vouchers generated from the Customer's sales to that Cardholder, the Customer automatically and irrevocably transfers to Avfuel any lien rights that Customer has or may have with respect to any property owned by the Cardholder arising from the Card Transaction(s) for which those Vouchers were issued. Avfuel's ARDS is subject to change upon five (5) days prior written Notice.

14.4. Customer acknowledges merchant processing instructions and rules and regulations established by the issuers of the Accepted Cards (the "Issuers") in the Issuers' websites that are included in or referenced in Avfuel's website at Avfuel.com and agrees to abide by these instructions, rules and regulations, as updated from time to time by the Issuers. Furthermore, Customer agrees to comply with all Data Security Standards and Data Security Policies of the Issuers (the "PCI/DSOP Requirements") and certifies to Avfuel that it is and will continue to be compliant with those PCI/DSOP Requirements. Customer shall defend, indemnify and hold harmless Avfuel and its credit card processor from any claims based on Customer's non-compliance with Customer's commitments in this Section including but not limited to penalties, fines, and any costs incurred in responding to any action alleging such non-compliance. Customer understands that failure to be fully compliant with the PCI/DSOP Requirements may result in loss of right to process Card Transaction under the Payment Acceptance Program.

14.5. Customer acknowledges receipt of, and agrees to observe, Avfuel's current instructions for recording and processing Card Transactions that are included in Avfuel's website at Avfuel.com. Avfuel reserves the right to amend any and all instructions in its website and to add new instructions to its website from time to time, and Customer agrees to be bound by all such amendments and new instructions. Avfuel also reserves the right to issue new or revised forms, POS Machines, software and imprinters from time to time, and to issue instructions regarding their use to be effective upon five (5) days prior written Notice.

14.6. Customer shall be solely liable and responsible for charging and subsequent remittance of all taxes to the proper authorities for all Card Transaction regardless of whether charged to purchaser. Avfuel does not assume any responsibility for the setup, tax rate, reporting or payment of any tax applicable to sales or other transactions resulting in credit card accounts receivable and Customer shall defend, indemnify and hold harmless Avfuel from any such claims. CUSTOMER IS SOLELY RESPONSIBLE FOR KNOWING THE TAXES THAT MUST BE CHARGED FOR EACH CARD TRANSACTION AND FOR PROPER SETUP FOR TAXES IN ANY ELECTRONIC SYSTEM AND THE MAINTENANCE OF THAT ELECTRONIC SYSTEM.

14.7. Without limiting the generality of other provisions of this Agreement or in Avfuel's website at Avfuel.com pertaining to charge backs, it is specifically understood and agreed that Avfuel may decline to accept or, if accepted, may subsequently charge back to Customer any Voucher:

14.7.1. Where any of the required information is omitted or illegible;

14.7.2. That is imprinted or processed with an expired credit card;

14.7.3. Covering a purchase not authorized by the Cardholder or involving fraud or any misuse of a credit card by the purchaser with or without Customer's knowledge;

14.7.4. Covering a transaction that has not been authorized by Avfuel or does not carry a valid authorization code;

14.7.5. Covering a transaction or series of related transactions (constituting in the reasonable opinion of Avfuel a single sale transaction) the aggregate face amount of that exceeds any of the single sale limitations to which the parties hereto may agree;

14.7.6. That becomes the subject of a dispute between Customer and Cardholder, including but not limited to cases where the Customer did not conspicuously post at its facility and print on a work order signed by the Cardholder the Customer's return policy for goods and services.

14.7.7. Where the Authorized User has not received a copy of the Voucher;

14.7.8. For which Customer has received or will receive any payment or reimbursement from any person other than Avfuel;

14.7.9. Where Customer has granted any right of ownership or security interest to any person other than Avfuel unless the invoice is accompanied by a written waiver of such interest;

14.7.10. Presented by Customer to Avfuel more than ten (10) days after the transaction date;

14.7.11. If the Card Transaction occurred or was settled after the date of expiration or termination of this Agreement;

14.7.12. Created by any person other than Customer, or in any transaction other than a Card Transaction in which Customer has sold merchandise or services to a purchaser presenting an Accepted Card for use in payment for that Card Transaction;

14.7.13. That are charged back to Avfuel or rejected for processing by an Issuer or processor for any reason at all; or

14.7.14. That in any other manner does not conform to this Agreement or with Avfuel's or Issuer's instructions for recording and processing Card Transactions in its website at Avfuel.com.

14.7.15 Where Customer has processed a post authorization transaction with no authorization, a fake authorization or an authorization received from anyone other than the company issuing the card

14.8. In the event that a charge back exceeds the credit balance in Customer's fuel purchase account then carried by Avfuel, Customer agrees to pay such excess within three (3) days after notice that such excess is due. Upon reimbursement, title to the Voucher(s) that include such excess and the indebtedness represented thereby (to the

extent of such excess) shall pass to Customer. If any funds come into Avfuel's possession for any voucher that has previously been charged back to Customer, Avfuel will promptly credit the full amount thereof to Customer's account. Avfuel's charge back rights and rights of recourse against Customer shall survive the termination of this Agreement.

14.9. Cash advances may not be charged on any Accepted Card and charges for fuel in Vouchers shall only include charges for fuels from stocks delivered by and purchased from Avfuel.

14.10. From time to time, Avfuel will send Customer a Credit Card Remittance Summary for Customer's information showing in such detail as Avfuel may deem appropriate the Card Transactions and amounts that have been credited to Customer's account or paid to Customer during the period since the last report. The failure of Avfuel to furnish a Summary shall not relieve Customer of any obligations under the Payment Acceptance Program. Customer agrees to review all such Summaries promptly after receipt. In any event, Customer shall be solely responsible for making sure that it has received proper payment for each Card Transaction submitted. Customer shall have forty-five (45) days from the date of a Card Transaction to provide Avfuel Notice that the Card Transaction has not been properly accounted for or that payment has not been received. If no such Notice is given, such Card Transaction shall be conclusively presumed to have been settled and closed.

**15. ASSIGNMENT:** Customer shall not assign its rights or delegate its obligations under this Agreement, in whole or in part, unless with the prior written consent of Avfuel, which consent will not be unreasonably withheld. Any transfer of a controlling interest in Customer shall be deemed an assignment requiring the consent of Avfuel.

**16. NOTICES:** All notices permitted or required under this Agreement (each a "Notice") shall be in writing. Notices by facsimile or email transmission shall be deemed "delivered" on the date of confirmed transmission, without error, to the fax number or email address designated in the Summary. Notices by mail shall be deemed delivered three (3) business days following the date deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, addressed to the Party at the address of the principal office. Notices sent by overnight courier shall be effective on the next business day following deposit with the overnight courier for overnight delivery with the delivery fee prepaid, addressed to the Party at the address of the principal office, and with instructions to obtain the signature of the addressee.

#### **17. PROGRAM PARTICIPATION:**

17.1. The provisions of these General Terms and Conditions will apply to the BRAND PROGRAM, AVTRIP PROGRAM, AVSURANCE PRIMARY COMMERCIAL INSURANCE PROGRAM, CONTRACT FUEL PROGRAM, and EQUIPMENT LEASE PROGRAM that are described in the subparts below (each a "Program") except to the extent these provisions are inconsistent with the provisions in the subpart describing that Program.

17.2. If the Customer participates in any Program, whether by formally electing to participate in that Program by selection in the Summary or by informally electing to participate in that Program by taking part in the benefits of that Program, the Customer will be bound by and subject to the provisions in the subpart relating to that Program, as supplemented by the provisions of these General Terms and Conditions.

17.3. Avfuel reserves the unilateral right to amend, suspend, or terminate any Program at any time effective upon written Notice to the Customer. Termination of Customer's participation in any one Program shall not be construed as terminating the Agreement or Customer's participation in another Program.

**18. EXCLUSIVE JURISDICTION:** Each Party irrevocably and unconditionally agrees that venue and jurisdiction for the resolution of any dispute and the enforcement of any rights in any way arising from or relating to this Agreement shall exclusively be the courts of the state of Michigan sitting in Washtenaw County, and any applicable Michigan appellate court. This Agreement shall be construed as having been made and entered into in the State of Michigan. Each Party submits and consents to personal jurisdiction in Washtenaw County, Michigan, and agrees that it is a convenient forum to resolve any such disputes and enforce any such rights, each Party hereby waiving to the fullest extent possible the defense of an inconvenient forum. Each Party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in any jurisdiction anywhere in the world.

**19. EXCLUSIVE GOVERNING LAW:** This Agreement, and all other matters arising from or relating to this Agreement, are exclusively governed by, and exclusively construed in accordance with, the laws of the State of Michigan, without



**20. SEVERABILITY:** In the event that any court of competent jurisdiction shall determine that any provision of this Agreement shall be unenforceable, then that provision shall be deemed to be null and void and the remaining provisions hereof shall remain in full force and effect.

**21. ENTIRE AGREEMENT/AMENDMENTS:** This Agreement, including all of its parts, sets forth the entire agreement between Avfuel and Customer with respect to the subject matter hereof and there are no other terms or conditions, oral or written, express or implied, relating to or otherwise affecting such subject matter. No term or condition of the Summary or Special Terms and Conditions shall be changed, supplemented, cancelled or waived unless in writing and signed by both Avfuel and Customer. Avfuel reserves the right at any time and from time to time to amend these General Terms and Conditions and the Programs. The General Terms and Conditions and the Programs, as amended from time to time, are posted at [www.avfuel.com](http://www.avfuel.com). If Avfuel and Customer have, prior to the effective date, been parties to any other agreement relating directly to the sale of Products to Customer (a "Prior Agreement"), such Prior Agreement, except for guarantees, shall be superseded as of the effective date and all rights and obligations between Avfuel and Customer with respect to the supply of Products from and after the effective date shall be governed by the terms of this Agreement. The terms and conditions of such Prior Agreement shall, however, remain in full force and effect with respect to rights and obligations relating to the supply of Products prior to the effective date and nothing contained in this Agreement shall be construed as terminating or otherwise affecting any such rights or obligations.

#### **BRAND PROGRAM:**

##### **IF CUSTOMER HAS ELECTED TO PARTICIPATE IN AVFUEL'S BRAND PROGRAM, THE FOLLOWING WILL APPLY.**

1. Customer has been invited and has elected to participate in Avfuel's Brand Program. Accordingly, Avfuel hereby licenses Customer as a dealer ("Branded Dealer") to use Avfuel's Brand Names and Trademarks subject to the provisions set forth herein. All trade names, trademarks, service marks, logos and other commercial symbols that Avfuel either owns or has the right to sub-license (the "Intellectual Property") shall be and remain the property of Avfuel. Further all signs, decals, graphic materials and other tangible property supplied by Avfuel which bear or are imprinted with any of the Intellectual Property or are used to imprint or display the same (the "Branded Property") and all replacements thereof shall be and remain the property of Avfuel. Any use of the Intellectual Property or the Branded Property by the Customer otherwise than as expressly authorized by this Agreement is hereby expressly prohibited. Upon termination of Customer's participation in the Brand Program Customer shall, at its expense, de-install and return to Avfuel all salvageable signage and return or destroy all other items that identify Customer as a branded Avfuel dealer.

2. Avfuel agrees to supply to Customer, for Customer's use and possession during the term of this Agreement such signs, decals, and other graphic materials as Avfuel deems necessary in order to identify Customer as an Avfuel Branded Dealer. Unless otherwise agreed in writing, Avfuel will bear all costs of such materials.

3. Customer shall be responsible for obtaining all necessary permits and for installation of all Branded Property including (without limitation) all electrical and other connections, and shall make sure that all installations shall comply with all brand specifications and with all applicable state and local codes, ordinances and governmental regulations (if any). Unless otherwise agreed in writing, the Customer will bear all costs of installation. No signage shall be installed so as to become a fixture upon real property. The use of color schemes and Intellectual Property painted on facilities and equipment owned by Customer or others and used in the conduct of Customer's business, shall comply with particular and displayed specifications. Customer shall be responsible for maintenance and upkeep of Branded Property and Paint-ons, and agrees to keep and maintain the same at all times in a good, clean, safe, operative and first-class condition, neatly painted and displayed. If any of such installation or maintenance is performed by Avfuel, Customer agrees to remit upon demand all costs thereof, including (without limitation) all expenditures for labor, materials and the like. If any Branded Property is damaged, lost or destroyed while in Customer's use, possession or control, or if Customer shall deliver any of such property to anyone not herein expressly authorized to use or possess it, Customer agrees to repair, recover or replace such property forthwith, at Customer's expense.

4. Customer shall keep all Branded Property insured at all times against loss, theft, fire or physical damage, up to the full replacement cost thereof, designating Avfuel as the loss payee. The Customer shall pay when due all personal property taxes and assessments assessed against the Branded Property and shall neither suffer nor

permit any lien or encumbrance or any attachment against any of such Branded Property.

5. Customer agrees that it will not use or display any Branded Property or Intellectual Property: (a) in a manner which causes or is calculated to cause confusion among patrons of Customer or the general public as to the type, characteristics, quality, manufacture or sponsorship of any fuel or other product which Customer offers for sale; (b) for the purpose of selling or promoting the sale of aviation fuel other than fuels supplied by Avfuel; or (c) for the purpose of selling or offering for sale any product which has been diluted or adulterated, whether intentionally or not. Customer further agrees that it will at all times maintain its facilities and conduct its operations in compliance with those standards and procedures established from time to time by Avfuel and applicable to aviation fixed base operators displaying any of the Intellectual Property. Such standards and procedures may include (without limitation) image quality standards for the brand displayed, quality control and refueling procedures for products bearing such brand, and standards for services offered and facilities utilized by Customer in conjunction with such products. Avfuel may, but shall be under no obligation to conduct periodic tests and inspections as it may deem appropriate to evaluate compliance with this Agreement. Copies of all test and inspection reports shall be given to Customer. It is expressly understood that the purpose of any such tests or inspections is to assist Customer in complying with the standards set for a Branded Dealer. By performing such tests or inspections Avfuel assumes no responsibility for Customer's failure to comply with the Standards or for safety hazards, latent or patent, created or maintained by Customer. If Avfuel determines, in its sole discretion, that Customer is or has violated this provision, then Avfuel may suspend or terminate Customer's right to use Avfuel's Brands and or Trademarks.

#### **AVTRIP PROGRAM:**

##### **IF CUSTOMER HAS ELECTED TO PARTICIPATE IN AVFUEL'S AVTRIP PROGRAM, THE FOLLOWING WILL APPLY.**

1. Customer has been invited and has elected to participate in Avfuel's AVTRIP Program a marketing incentive program intended to reward pilots who choose to purchase fuel and services from participating Avfuel dealers.

2. Customer will:

2.1. Use its best efforts to enroll pilots in the AVTRIP Program;

2.2. Award all participating pilots two AVTRIP Points for each U.S. gallon of fuel purchased from Customer and, at Customer's discretion, a minimum of one point for each U.S. dollar, or part thereof, spent by a participating pilot for parts and services at Customer's facilities;

2.3. Pay to Avfuel, by deduction from amounts due to Customer or in cash if no amounts are due Customer, \$.01 for each AVTRIP point awarded;

2.4. Maintain complete records of all points earned by participating pilots;

2.5. Train its personnel in the operation of the AVTRIP Program, and prominently post written materials relating to AVTRIP in and around its facilities in order to encourage pilot participation in the program; and

2.6. Promptly send all enrollments to Avfuel so that the enrollee can be added to the list of AVTRIP participants. Not less frequently than every two weeks, Customer will send Avfuel copies of all records pertaining to points earned by pilots that have not been previously reported via POS transmission, and remit to Avfuel all sums due hereunder.

3. Avfuel will:

3.1. Act as the administrator of the AVTRIP Program; and

3.2. Include the AVTRIP Program in its local, national and international marketing and advertising efforts as it deems appropriate to encourage pilot participation in the AVTRIP Program.

4. The price charged to any pilot for fuel, parts or service shall not be based on whether a pilot participates in the AVTRIP Program.

5. Avfuel reserves the unilateral right to amend, suspend, or terminate the AVTRIP Program at any time effective upon written notice to the Customer. Avfuel also reserves the right to terminate any individual's participation at any time for misuse of the AVTRIP card, violation of the rules of the program, or inactivity for a period of twelve (12) consecutive months. Customer may withdraw from this Program

FBO Aviation Fuel Supply Agreement  
upon ninety (90) days' Notice to Avfuel. See Section 16 of the General Terms and Conditions regarding Notices. Termination of Customer's participation in this Program shall not be construed as terminating the Agreement or Customer's participation in any other program.

#### **CONTRACT FUEL DEALER PROGRAM:**

#### **IF CUSTOMER HAS ELECTED TO PARTICIPATE IN AVFUEL'S CONTRACT FUEL DEALER PROGRAM, THE FOLLOWING WILL APPLY.**

1. Customer has been invited and has elected to participate in Avfuel's Contract Fuel Dealer Program (the "CFD Program"). Accordingly, Customer agrees to sell and deliver to clients who participate in Avfuel's Contract Fuel Program (the "CFCs" or a CFC" as the context may require) aviation fuel supplied by Avfuel and other products and services supplied by the Customer. A CFC is a person or entity that has executed a Contract Fuel User's Agreement with Avfuel or that is specifically authorized in writing, in accordance with authorization procedures established from time to time by Avfuel, and is included in a listing of purchasers eligible to purchase aviation fuel and other products and services under the CFD Program. The Customer will secure authorization from Avfuel before completing a sale to a CFC and the failure to obtain such authorization may result in Avfuel's dishonor of the invoice for that sale.
2. Subject to agreement between Customer and Avfuel, Products supplied hereunder shall be supplied from either Avfuel inventory on site or from Customer inventory. If, as a convenience to Customer, Avfuel maintains inventory at Customer's facility then Customer agrees to the following: (a) if Avfuel's inventory is held separately in a segregated storage facility, Customer will withdraw fuel from that facility only to supply authorized CFCs and (b) if Avfuel's inventory is commingled with the inventory of the Customer (and, if applicable, third parties) in unsegregated facilities, Customer will not use or permit others to use Avfuel's inventory to supply parties other than authorized CFCs and to that end Customer shall not at any time make or permit withdrawals from that facility that would reduce the fuel in such facilities below the level of Avfuel's inventory (and, if applicable, the inventories of third parties). Customer shall measure Avfuel's inventory and reconcile that inventory on an ongoing basis. Reconciliation reports, in a form satisfactory to Avfuel, shall be delivered to Avfuel no later than the 5<sup>th</sup> day following the end of each month. If Avfuel's inventory is commingled in an unsegregated storage facility, gains and losses shall be allocated proportionally to the parties sharing the storage facility based on receipts of fuel during the month and losses shall be limited to no more than 1/4% of total receipts for per annum. Book inventory shall be adjusted to coincide with actual inventory each month. Unless the Products are contaminated by an act or omission of Dealer, Avfuel will be liable if the Products do not conform to specifications. If the Products are supplied from the Customer's inventory, the Customer will be liable if the Products do not conform to specifications. Customer shall maintain Avfuel's inventory level in accordance with Avfuel's guidelines and shall specify when ordering fuel whether that fuel is for Customer's or Avfuel's inventory (which is subject to approval by Avfuel).
3. Under the CFD Program, all aviation fuel delivered by the Customer to a CFC will be deemed sold by Avfuel and will be at the prices and terms independently established between Avfuel and the CFC. If Avfuel maintains an inventory of aviation fuel at the Customer's facilities, then aviation fuel supplied by the Customer to CFCs will be drawn from Avfuel's inventory. If Avfuel does not maintain an inventory of aviation fuel at the Customer's facilities, then aviation fuel supplied to a CFC is drawn from the Customer's inventory and Avfuel will account for that aviation fuel by issuing a credit to the Customer equal to the Customer's cost for that aviation fuel, including applicable taxes, based upon the Customer's cost for the last load of aviation fuel purchased from Avfuel prior to the date of supply to the CFC.
4. The charges for all aviation fuel supplied to the CFC will be payable solely to Avfuel. Avfuel will be responsible for collecting and remitting any taxes imposed thereon by any local, state or federal taxing authority. Avfuel will invoice and collect those charges and taxes from the CFC. Avfuel, as the seller of all aviation fuel supplied to the CFC, will be the holder of and have the sole right to exercise all lien rights under applicable law on the aircraft into which that aviation fuel is supplied. In addition to any lien rights which Avfuel might possess as a result of services provided to a CFC, upon Customer's receipt of the credit from Avfuel for the vouchers generated from the Customer's deliveries of fuel to that CFC, the Customer automatically and irrevocably transfers to Avfuel any lien rights that Customer has or may have with respect to any equipment or other property owned by the CFC arising from such deliveries of fuel.
5. In all sales of aviation fuel drawn from Avfuel's inventory, title to that aviation fuel will be retained by Avfuel until the point in time that the aviation fuel enters into the aircraft of the CFC, at which point in time title will pass to the CFC. In all sales of aviation fuel drawn from Customer's inventory, title to that aviation fuel will be retained by the Customer until the point in time that the aviation fuel enters into the aircraft of the CFC, at which point in time title will pass instantaneously first to Avfuel and then to the CFC. The risk of loss or contamination of aviation fuel will be borne at each point in time by the party who or which holds title to that aviation fuel at that point in time. If, while Avfuel holds title, any aviation fuel is lost or contaminated as a result of the acts or omissions of the Customer, then the Customer will be liable to Avfuel for that loss or contamination.
6. The into-wing services provided by the Customer in delivering the aviation fuel to the CFC and any other services or products other than aviation fuel to the CFC for which a fee is charged will be deemed sold by the Customer to the CFC. The Customer's fees to CFC's for into-wing services will be at a charge equal to the lowest charge imposed by the Customer to any other purchaser of aviation fuel at the FBO, less the discount that would be applicable to that charge under Avfuel's Payment Acceptance Program (in that Avfuel will incur the discount in collecting that charge from the CFC). All other services and products will be supplied at the Customer's normally established rates. Such other products may include, without limitation, lubricants, spare parts, food and other amenities. Such other services may include, without limitation, flowage fees, tie-down services, catering services and similar services that expedite deliveries and facilitate arrangements for the CFC. No cash advances will be permitted as "other products or services". The Customer will supply all such other products or services as an independent contractor to the CFC and not as an agent or a subcontractor of Avfuel.
7. All other products and services that are supplied by Customer to CFCs will be provided in accordance with procedures and quality standards that are commercially reasonable and that comply with all legal requirements in the jurisdiction where the Customer's facilities are located. Customer will be solely liable if such other products and services do not conform to such standards, procedures or requirements.
8. The charges for all other products and services supplied by the Customer to the CFC will be payable solely to the Customer. The Customer will be responsible for collecting and remitting any taxes imposed thereon by any local, state or federal taxing authority. Customer may directly invoice and collect such charges from the CFC. Alternatively, at the Customer's option, Customer may assign to Avfuel for collection the account receivable from the CFC for other products and services supplied by the Customer (a "CFC Receivable"). If the Customer assigns a CFC Receivable to Avfuel, then Avfuel will issue a credit to the Customer's account for the amount of that CFC Receivable and Avfuel will thereafter invoice, collect and retain those charges from the CFC.
9. Any fees for any services supplied by the Customer in the delivery of aviation fuel to a CFC, including, without limitation any flowage fees or into-wing fees, will be earned by the Customer only after it has completed delivery of the entire load of aviation fuel into the aircraft of the CFC and title to that aviation fuel has passed to the CFC. Initial into-wing fees are established in the Special Terms and Conditions and, subject to the "most favored customer" provision in Paragraph 6, Customer may change those fees upon seven (7) days written Notice to Avfuel.
10. Customer will generate an electronic written record (a "Ticket") of all aviation fuel supplied to a CFC at the Customer's facility. Each Ticket will include the following information: the CFC's name; the authorization number; pilot's name; aircraft registration number; flight or ID number provided by the CFC if applicable; transaction date(s); and type and quantity of fuel products provided, as measured in U.S. gallons. In addition, if the Customer assigns to Avfuel the CFC Receivable for other products and services supplied by the Customer to the CFC, the Customer will include in the Ticket the type and quantity of such other products or services and the charges payable by the CFC for such other products or services. Any charges for such other products or services must be separately stated and clearly identified as fees charged by the Customer that are separate from and independent of the amounts charged by Avfuel for aviation fuel. The pilot or other responsible representative of the CFC shall sign and be given a copy of the completed Ticket.
11. The Ticket (or all information required to be shown on the Ticket) for each sale to a CFC shall be delivered to Avfuel by POS Transmission within twenty-four (24) hours following the completion of that sale. The original Tickets shall be kept on file by Customer for a period of five (5) years from the invoice date and will be sent to Avfuel upon request. Avfuel will from time to time provide Customer with instructions for processing these transactions and may provide the forms for doing so. Avfuel reserves the right to change these procedures upon seven (7) days written Notice to Customer.
12. The total amount due with respect to each Ticket shall be paid or credited to Customer's by Avfuel within ten (10) days following Avfuel's receipt of the Ticket.
13. Except as provided herein, all Tickets will be accepted by Avfuel without recourse. The exceptions are: a) Customer warrants the validity of all charges, and

any charge that is disputed by the CFC, correctly or incorrectly, on grounds that the charge is invalid or inaccurate or that the aviation fuel, products or services supplied were unsatisfactory, not performed or not delivered may be charged back to Customer at Avfuel's option; b) charges not previously authorized by Avfuel may be charged back to Customer at Avfuel's option; and c) any Ticket that is incomplete, illegible, or is otherwise not prepared in accordance with Avfuel's processing instructions may be charged back to Customer at Avfuel's option.

#### **EQUIPMENT LEASE PROGRAM:**

#### **IF CUSTOMER HAS ELECTED TO PARTICIPATE IN AVFUEL'S EQUIPMENT LEASING PROGRAM, THE FOLLOWING WILL APPLY.**

1. Customer has elected to participate in Avfuel's Equipment Lease Program. Accordingly, Avfuel, either for its own account or through one of its subsidiaries, agrees to deliver and lease the equipment identified in the Special Terms and Conditions (the "Equipment") at the lease rates shown in the Special Terms and Conditions to Customer for its sole use. All additional equipment or replacement equipment delivered to Customer but not listed in the Special Terms and Conditions shall also constitute Equipment subject to the provisions of this Section. For example, Customer may lease POS equipment from Avfuel at the then current lease price. Customer hereby agrees to pay Avfuel in advance the monthly lease payments prorated for any partial month. Avfuel may increase the rent during the term of the Lease upon 30 days written Notice. Customer shall be permitted to notify Avfuel within the first 15 days of that Notice period of its intention to terminate the lease effective on the date that the increase goes into effect. If Avfuel rescinds the rate increase, the lease shall continue in effect at the then current rates. If it does not rescind the increase, the lease shall expire on the date the increase goes into effect. Unless otherwise agreed, the term of the lease of each item of Equipment (a "Lease") shall correspond to the term of this Agreement.

2. Avfuel will advance the costs for the transport of the Equipment from the Avfuel facility to the Customer's facility and the responsibility for those costs will be as follows: (a) if the initial term of the Lease is less than five (5) years, at the time of delivery of the Equipment Avfuel will invoice the Customer for those advanced costs and the Customer will pay that invoice within twenty (20) days; (b) if the initial term of the Lease is five (5) years or more but is terminated before the end of the first five (5) years of that initial term as a result of the default by the Customer (truck lease being terminated for any reason other than a Default by Avfuel), then at the time of that termination, Avfuel will invoice the Customer for those advanced costs and the Customer will pay that invoice within twenty (20) days; and (c) if the initial term of the Lease is at least five (5) years and is not terminated before the end of that initial term, then Avfuel will bear those advanced costs without any right of reimbursement from the Customer.

3. Customer shall inspect the Equipment and shall make written notes as to any defects that are observed. A copy of all such notes shall be faxed or emailed to Avfuel within forty-eight (48) hours after the Equipment is delivered to the Customer. The failure to make and deliver those notes within that period will constitute the Customer's acknowledgement that there were no defects in the Equipment at the time delivered to the Customer.

4. Avfuel warrants that it has all necessary rights to lease said Equipment to Customer. Further, the parties agree that as between themselves, Avfuel has title to the Equipment and Customer shall keep the Equipment free of liens and shall not do or permit anything to be done that will prejudice the title of Avfuel, or its rights in the Equipment. Each item of Equipment shall bear a legend denoting it as the property of Avfuel and Customer shall not remove or deface that legend under any circumstances. Customer also agrees and understands that Avfuel may file such evidence of its ownership of the equipment as may be necessary in the state where the equipment is located.

**5. AVFUEL MAKES NO WARRANTY, EXPRESS OR IMPLIED, REGARDING DEFECTS IN MATERIAL, WORKMANSHIP, DESIGN, CAPACITY, MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PURPOSE, OR WHICH EXTEND BEYOND THE DESCRIPTION OF THE EQUIPMENT THAT APPEARS IN THE SPECIAL TERMS AND CONDITIONS.**

6. Any of the Equipment that is used to store or transport Products shall be used solely for storing or transporting Products supplied to Customer under this Agreement.

7. The Equipment is not licensed or titled for use on public roads. The Equipment shall not be moved from the facility to which it was delivered nor operated on any public road without the prior written consent of Avfuel.

8. Customer will comply with all laws, ordinances and regulations applicable to the possession, operation or use of the Equipment and will demonstrate compliance upon request.

9. The maintenance obligations with regard to the Equipment are as follows.

9.1. Except as set forth in Section 9.2 below, Customer will maintain the Equipment in as good a condition as it was on the day of delivery, normal wear and tear excepted. Customer shall, at its sole expense, provide all preventative maintenance (including but not limited to lubrication, oil and filter changes, etc.), repairs, and replacement parts as are necessary to preserve the Equipment in good operating condition and in compliance and in conformity with all laws, rules, regulation, and industry standards which are applicable to the operation of the Equipment. Customer shall also be responsible for all meter calibration and certification (meters are not calibrated or certified when delivered) and all tire maintenance, repair, and replacement. **CHANGING A TIRE ON A REFUELER TRUCK IS VERY DANGEROUS AND MUST NOT BE ATTEMPTED BY UNTRAINED PERSONNEL. CUSTOMER AGREES THAT IT WILL PERMIT TIRES TO BE CHANGED ONLY BY AN OUTSIDE CONTRACTOR WHO IS PROFESSIONALLY TRAINED TO DO SUCH WORK.** Customer shall keep complete and accurate maintenance records and Avfuel is entitled to inspect the Equipment and the maintenance records at any time during regular business hours. At Avfuel's option, any item of repair or maintenance that would be the responsibility of Customer may be performed by Avfuel and billed back to Customer as additional rent. Customer shall not make any alterations or modifications to the Equipment of any kind including but not limited to painting, mounting of radios or antennas, applying decals or lettering without the prior express written consent of Avfuel.

9.2. Avfuel shall be responsible for the following refueler truck repairs when, in its opinion, repair is necessary: overhauls or replacement of the engine, transmission, differential, or belly valve. Avfuel shall be permitted access to the Equipment at any reasonable time in order to perform the repairs and modifications, which are its obligation hereunder. Repairs and maintenance to be performed by Avfuel shall be completed within a reasonable time after it learns of the need for such repairs. Avfuel assumes no responsibility for loss of use or any other items of ancillary damage, which may be caused by, or result to Customer by reason of the fact that the Equipment becomes inoperable. If any such repair or maintenance is required as the result of intentional conduct, negligence, or failure to perform repair or maintenance on the part of Customer or any of Customer's agents or employees, Customer shall be liable for all costs associated with performing such repairs and/or maintenance.

10. Customer shall be responsible for all Federal, State, and local taxes, fees, etc. that are assessed on the use or value of the Leased Equipment, including but not limited to, personal property, sales, and use taxes.

11. Customer shall secure insurance against any damage to or loss of the Equipment with coverage equal to the actual cash value of the Equipment and with the limitation of that coverage not less than the amount specified for that Equipment in the Special Terms and Conditions. Insurance policies shall be issued by insurance companies acceptable to Avfuel (which acceptance may not be unreasonably withheld), shall name Avfuel, or its subsidiary as loss payee, and shall provide for at least thirty (30) days' written Notice to Avfuel prior to cancellation or modification. Customer shall maintain such policies in full force and effect for the equipment for so long as Customer continues to lease that Equipment.

**12. IN ADDITION TO THE INDEMNIFICATION OBLIGATIONS CONTAINED IN SECTION 10 OF THE GENERAL TERMS AND CONDITIONS, CUSTOMER AGREES TO INDEMNIFY AND HOLD AVFUEL AND/OR THE OWNER OF THE EQUIPMENT HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, EXPENSES (INCLUDING ATTORNEY'S FEES), OBLIGATIONS AND CAUSES OF ACTION FOR INJURY TO OR DEATH OF ANY AND ALL PERSONS, OR FOR DAMAGE TO OR DESTRUCTION OF ANY OR ALL PROPERTY ARISING OUT OF OR RESULTING FROM THE CONDITION, EXISTENCE, USE OR MAINTENANCE OF THE EQUIPMENT.**

13. Upon termination of any Lease, at any time and for any reason, Customer shall (a) return the Equipment to Avfuel in as good condition as when Customer received it, normal wear and tear excepted, (a) pay for any necessary repair and replacement of any damages or missing Equipment, and (c) pay all costs for the transport of the Equipment from the Customer's facility to Avfuel's facility. If Customer breaches any of these commitments, Avfuel may advance those costs and invoice the Customer for those costs and the Customer will pay that invoice within twenty (20) days.



Customer Code: \_\_\_\_\_



**AVFUEL CORPORATION  
FIXED BASE OPERATOR  
AVIATION FUEL SUPPLY AGREEMENT**

**Reference Date:** 02/23/23

**Effective Date:** 03/01/23

**SUMMARY**

This Agreement is between Avfuel Corporation and its affiliates and subsidiaries all of which have principal offices at 47 West Ellsworth Road, Ann Arbor, MI 48108 USA, hereinafter referred to, individually or collectively as "Avfuel" and **Houston County** having its principal office at (Street address only) 1124 East Washington St., Caledonia, MN 55921, hereinafter called "Customer", collectively called "the Parties", and is effective on the Effective Date or, if no Effective Date is specified then on the Reference Date noted above.

**THIS IS AN INTEGRATED AGREEMENT CONSISTING OF SEVERAL PARTS, ALL OF WHICH SHALL BE READ TOGETHER AND INTERPRETED AS ONE AGREEMENT.** The parts shall include this Summary, the Special Terms and Conditions, and the General Terms and Conditions. In the event of any inconsistencies between the Special Terms and Conditions and the General Terms and Conditions, the Special Terms and Conditions shall govern. Avfuel offers other Programs that it believes are of benefit to Customer. Customer chooses to participate in those Programs that are checked below and agrees that the applicable provisions of the Special and General Terms and Conditions govern those Programs. Additions or deletions to this agreement are governed by the Changes Provision set forth in Section 21 of the General Terms and Conditions. If customer should avail itself of any of the Programs not checked below then Customer specifically agrees to be bound by the Special and General Terms and Conditions that govern those Programs.

Applicable Certificates of Insurance are attached hereto, Insurance Company Name \_\_\_\_\_

☒ Customer Credit Program

☐ Addenda

☒ Brand Program

☐ AVTRIP Program

☐ Equipment Lease Agreement

☐ Contract Fuel Dealer Program

**CUSTOMER FEIN:**

**TYPE OF BUSINESS:** County Government  
(i.e. C-corp, S-corp, Partnership, LLC, Sole Prop, or other)

**STATE ID NUMBER:** 41-6005804

**STATE OF INCORPORATION:** MN

**FOR: AVFUEL CORPORATION**

**FOR: Houston County**

By: \_\_\_\_\_

William B. Light

Title: **Vice President, Administration**

By: \_\_\_\_\_

(Signature)

Name: \_\_\_\_\_

(Print Name)

Title: \_\_\_\_\_

(Print Title)

The undersigned hereby guarantee(s) payment and performance of this Agreement by Customer.

By: \_\_\_\_\_  
Signature Name Printed Social Security Number

By: \_\_\_\_\_  
Signature Name Printed Social Security Number

**FIXED BASE OPERATOR  
AVIATION FUEL SUPPLY AGREEMENT**

**SPECIAL TERMS AND CONDITIONS**

**CUSTOMER NAME:** **Houston County DBA. Houston County Airport**

**BILLING ADDRESS:** **Houston County Highway Department**  
*(if different than street address)* **1124 East Washington Street**  
**Caledonia, MN 55921**

**DELIVERY ADDRESS:** **Houston County Airport**  
*(if different than street address)* **17247 State 76**  
**Caledonia, MN 55921**

**AIRPORT ID (IATA CODE):** **KCHU**

**PRODUCT(s):**

☐ Jet-A    ☐ Jet-A with Anti-ice    ☒ Avgas/100LL    ☐ Other: \_\_\_\_\_

**PAYMENT TERMS:** Net Thirty (30) Days via check or ACH.

**CREDIT LIMIT:** \$40,000.00

**EQUIPMENT LEASED:**

Description**	S/N or VIN	Lease Rate	Replacement* Cost (Current)

\*Hazard insurance, \*\*Meters, if so equipped, have NOT been Certified or Calibrated, this is the responsibility of Customer.

**CONTRACT FUEL DEALER:**

Flight Operation Type (select one):    ☐ Corporate Configured Accepted  
  ☐ Non-Corporate Ops Only  
  ☐ DC-9 and Larger, Non-Corporate Ops Only

Airport Flowage Fee:    ☐ YES ☐ NO    \_\_\_\_\_ \$/g (i.e. \$0.0300)

Storage Fee:    ☐ YES ☐ NO    \_\_\_\_\_ \$/g (i.e. \$0.0300)

Into wing Fee:

Jet Into-Plane Rate Schedule	Gallons from/to	Rate/gallon
Example	1-1000 gallons	\$X.XXXX

**FIXED BASE OPERATOR  
AVIATION FUEL SUPPLY AGREEMENT**

**SPECIAL TERMS AND CONDITIONS**

**OTHER SPECIAL TERMS AND CONDITIONS:**

- Section 2. Term: Will read as follows: The initial term of this Agreement is five (5) years, beginning on the Effective Date specified in the Summary. The term shall be automatically renewed by successive three (3) year terms until one party delivers a Notice to the other Party of its intent to terminate. Either party may terminate this contract for any reason by providing ninety (90) days' notice.
  - Section 4 will read as follows: Customer acknowledges that it remains solely responsible for all such taxes, and will indemnify AvFuel against any liability for such taxes even if AvFuel fails for any reason to include any such taxes in its invoices to customer. However, AvFuel will indemnify customer against any late charges, penalties or other charges that customer incurs if AvFuel's failure to include any taxes its invoice to negligence or willful misconduct.
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