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October 20, 2010

Mr. Nathan Fox
Northland Constructors of Duluth, LLC
4843 Rice Lake Road
Duluth, MN 55803

Re: Duluth International Airport New Passenger Terminal Bid Package 1
Work Scope 2.10 – Civil and Site Electrical Contract
Duluth, MN

Subject: Bituminous Density Requirements and Project Schedule Concerns

Dear Mr. Fox:

Kraus-Anderson® Construction Company (KACC) is in receipt of Northland Constructors of Duluth, LLC (NC) letter dated October 19, 2010, regarding the above-referenced subject. KACC has discussed with you numerous times about the expectations and requirements to complete the required work in 2010. During various discussions in August, 2010, KACC stated our concerns for NC to add equipment and crews to maintain the project schedule as winter freeze-up was approaching. KACC's Project Superintendent, Steve Bergerson, has reminded NC's foreman numerous times again this month of the need for an additional crew. At this point no additional crews were ever brought to the site to address these concerns.

KACC believes all references to the Notice to Proceed (NTP) statements of delay are irrelevant. As part of the requirements of NC's Contract, NC submitted their project schedules to KACC on 8/12/10 and 8/19/10. Both schedules state paving operations are to start on 11/1/10 within the Employee Lot. With that, NC had always intended paving operations in the month of November, 2010. If a delay in the NTP receipt was an issue to paving, NC's two different schedules (one prior to the NTP and one after) should have shown paving in the spring of 2011.

Regarding the canopy footing work on gridline A, KACC requested NC excavate these footings, but NC chose not to because of access into the building area. Also note onsite coordination meetings discussed the New Grinden Drive work, where portions of this work were available four weeks ago, but not completed because NC wanted to work a larger portion of the road at once. These types of discussions are "means and methods" – thus KACC can only advise NC of areas to work in. NC is in control of this area as the utility work and excavation work are needed prior to the canopy footing work being able to start. Please coordinate this work immediately so you are not delaying your own work on constructing Grinden Drive. Be sure to communicate with KACC and your own first-tier subcontractors to avoid any further delays to this work.

In summary, NC's request to delay the paving and request for additional calendar days is denied. On behalf of the Duluth Airport Authority, KACC requires NC to continue all operations per the terms and conditions of their Contract. The density requirements cannot be waived and the paving is required to be completed this year. Please continue to update KACC on the schedule of this work.

Also note, KACC is copying Reynolds, Smith and Hills, Inc. on this letter to advise them of NC's concern, and asking them for their position on the matter regarding item discussed. KACC will make available their response once available.

For any additional questions, please contact me immediately.

Sincerely,

KRAUS-ANDERSON® CONSTRUCTION COMPANY



Brett Cahoon
Project Manager

BC/cb

Attachment: Northland Constructors of Duluth, LLC letter dated October 19, 2010

Cc: Brian Ryks, Duluth Airport Authority
Brian Grefe, Duluth Airport Authority
John Hippchen, Reynolds, Smith and Hills, Inc.

Northland Constructors

of Duluth, LLC

October 19th, 2010

Serial Letter 4465.017

Mr. Brett Cahoon
Kraus-Anderson Construction Co.
3716 Oneota Street
Duluth, MN 55807

Re: Duluth Int'l Airport, Passenger Terminal Building (Civil Site Work)
FAA AIP 3-27-0024-48-10, RS&H Job No 213.1882.091

Subject: Bituminous Density Requirements

Dear Mr. Cahoon:

As discussed in our scheduling meetings, there is great deal of coordination required between different trades along with phasing construction to meet the airport requirements for both vehicles and pedestrians access. It is in the best interest of both Northland Constructors (Northland) and the owners to complete the bituminous paving in the 2010 construction season. However, there is still work that needs to be completed prior to the construction of the new Grinden Drive and Permit Parking Area that is outside Northland's contract. After further discussion, if all work goes as planned with no weather delays, the soonest bituminous paving could be started is around November 7th.

Northland's intent is to progress the work to complete the paving this season. Northland paving operations has been moved into colder season for two reasons, later than expected Notice to Proceed (NTP) and coordination of work outside our contract. The Special Provisions state the expected NTP was to be expected in July, 2010. Northland was not given NTP until August 13th, 2010, and started the work within 10, per contract requirements. To date, we are still waiting for the canopy footings to be poured along Grinden Drive, so we can start the road work in this area.

We understand your requirement to complete the bituminous paving before winter freeze up. Northland's concern is meeting density requirements during cold weather paving. We would like to progress your construction schedule, however, because of issues outside of Northlands control, we do not feel we should be penalized for not meeting density due to cold weather. If densities requirements are not going to be waived, the bituminous paving should be delayed until spring, when density requirements can be achieved. The contract calendar days should be extended to a time when weather is not a factor to meeting density requirements, again, due to the delays outside of Northland's control.

Sincerely,



Nathaniel Fox
Project Manager
Northland Constructors of Duluth, LLC