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October 4th, 2010

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

Project: Duluth International Airport, Passenger Terminal Replacement – BP-1 WS2.10

Subject: Response to Work Scope and Lean-mix Concrete requirement letter dated 10/1/10

Dear Mr. Fox:

Kraus Anderson Construction Co. (KA) has received and acknowledged Northland Constructors (NC's) claim of extra work. Both parties have stated interpretations with little movement toward reconciliation. NC's interpretation of the 02220 Building Earthwork section and the Geotechnical Exploration report are not consistent with that of KA and RS&H's. KA must call special attention to NC's letter's last paragraph disputing any conversations about soils corrections. This statement is false and should be retracted. KA has documented the several phone conversations discussing and confirming the soils corrections required for the project. In fact quantities and scope discussions took place to the level of where you needed to discuss these items further with fellow employees who assisted with the project estimate. Prior to KA recommending NC's should be awarded the contract for WS 2.10 – you had called back confirming no issues with the questions asked.

At this point, the construction of the foundation system for the building has been delayed by several working days. With this stalemate – we are requesting that NC continue to excavate and backfill as necessary, utilizing lean-mix concrete when required per the plans, specifications and as directed by the on-site Geotechnical Engineer. The construction can continue while the details surrounding these claims can be resolved. For additional information regarding this process, please review the General Provisions (GP's) section 50-16 for the documentation requirements and processes.

Sincerely,

A handwritten signature in black ink that reads 'Brett Cahoon'.

Brett Cahoon
Project Manager
Kraus-Anderson Construction Company

Cc: John Hippchen, RS&H
Thomas Chambers, RS&H
Craig Bursch, MJB Consulting Engineers
Brian Grefe, Duluth Airport Authority