

RESOLUTION 15D-06

**RESOLUTION AUTHORIZING EXECUTION OF AN ASSIGNMENT OF GROUND LEASES AND CONSENTS RELATED TO CIRRUS DESIGN CORPORATION**

RESOLVED, by the Duluth Economic Development Authority ("DEDA"), that the proper DEDA officials are hereby authorized to execute an Assignment of Ground Leases and Consents Agreement, substantially in the form of that attached hereto (Contract No. \_\_\_\_\_), with Aileron, LLC ("Aileron"), Cirrus Design Corporation ("Cirrus") and the Duluth Airport Authority ("DAA"), pursuant to which DEDA along with the Airport Authority, consents to the assigning by Aileron of certain ground leases to Cirrus.

Approved by the Duluth Economic Development Authority this 24th day of February, 2015.

ATTEST:

\_\_\_\_\_  
Executive Director



STATEMENT OF PURPOSE: In 1993, the Airport Authority, as lessor, entered into a ground lease with DEDA, as lessee, which ground lease was then sublet with the eventual sublessee being Aileron, which is a subsidiary of Cirrus. Additionally, in 2005, DEDA and Cirrus entered into a development agreement which provided, in part, that Cirrus would enter into one or more ground leases with the Airport Authority. This commitment was fulfilled by Cirrus and the Airport Authority entering into two additional separate ground leases which were subsequently assigned to Aileron.

This resolution authorizes execution of a document which provides for DEDA's consent to an assignment from Aileron to Cirrus of the ground leases noted above. The reason for the assignment (which requires the consent of both DEDA and the Airport Authority) is two-fold. First, Cirrus is going through an exercise to update its corporate structure to eliminate certain subsidiaries that are no longer necessary to the company's strategic operation as originally planned. Aileron is one such entity, and in order to prepare that entity for future elimination, the ground leases need to be moved to Cirrus. Secondly, in conjunction with a pending loan from Republic Bank to Cirrus, Republic is taking a mortgage on the building assets owned by Cirrus. In order to close on this mortgage/loan, Republic's Title Company is requiring that the ground leases be in the name of the same entity who will be receiving the loan proceeds.

## ASSIGNMENT OF GROUND LEASES AND CONSENTS

Parties to this Assignment of Ground Leases and Consents (the "Agreement") are AILERON, LLC ("Aileron"), its affiliated company Cirrus Design Corporation ("Cirrus"), the DULUTH ECONOMIC DEVELOPMENT AUTHORITY ("DEDA"), and the DULUTH AIRPORT AUTHORITY ("DAA").

The parties acknowledge the following:

- I. This Assignment of Ground Leases and Consents is entered with the understanding that it will be relied upon by Republic Bank in making a loan to Cirrus.
- II. A certain Airport Ground Lease and Agreement, dated August 12, 1993, recorded August 12, 1993, as Document No. 568874, St. Louis County Registrar of Titles office, exists as between the DAA, as lessor, and DEDA, as lessee, as modified, assigned or subleased by (a) that certain Acknowledgement of Exercise of Option and Inclusion of Real Property, dated August 11, 1997, recorded as Document No. 633975, (b) that certain Lease, dated August 5, 1993 (the "Sublease"), recorded as Document No. 568875, between DEDA, as lessor, and Industrial Resource Corporation, as lessee, (c) that certain Assignment and Assumption Agreement, dated August 12, 1997, and recorded September 16, 1997, as Document No. 633976 in favor of Aileron, and (d) that certain Assignment of Rights and Ground Lease and Consents, dated February 5, 2002, recorded February 23, 2002, as Document No. 718310 (together "Ground Lease 1"). With respect to Ground Lease 1, Aileron assumed all rights and obligations thereunder through an assignment and sublease with Industrial Resource Corporation.
- III. Industrial Resources Corporation conveyed its interest in Lots 18 and 19, Block 4, AIRPORT DIVISION to Aileron on Quit Claim Deed dated August 13, 1997, recorded September 16, 1997 as Document No. 633977.
- IV. Cirrus and DEDA entered into a Development Agreement dated September 12, 2005 and recorded December 8, 2005, in St. Louis County Registrar of Titles office as Document Number 809940 (the "Development Agreement"), which provided in part that Cirrus, as one of its commitments, would enter into one or more ground leases with the DAA. This commitment was fulfilled by Cirrus and DAA entering into two (2) additional separate ground leases. One lease is entitled the "Airport Ground Lease West Production Expansion" dated September 12, 2005 and recorded December 8, 2005 in St. Louis County Registrar of Titles office as Document Number 809941, and the second the "Airport Ground Lease Hanger 102" dated September 23, 2005 and recorded December 8, 2005, in St. Louis County Registrar of Titles office as Document Number 809942 (together "Ground Leases 2 and 3"). Subsequently, Cirrus, with the consent of DEDA and DAA, assigned Ground Leases 2 and 3 to Aileron, its affiliated company, through an Assignment of Rights and Ground Lease and Consents dated February 5, 2006, recorded February 14, 2006, as Document No. 813246 (the "2006 Assignment").
- V. Ground Lease 1 and Ground Leases 2 and 3 are hereinafter collectively referred to as the "Leases".
- VI. Aileron now wishes to assign all of the Leases to Cirrus, and Cirrus desires to accept and

assume such assignments (the "2015 Assignments").

- VII. In order to facilitate the 2015 Assignments, Cirrus and Aileron have requested that DEDA and DAA permit the Assignments, as is permitted under Section 4.21 of the Development Agreement upon the consent of DEDA and under the Leases upon the approval of DAA.

Now, in consideration of the sum of One Dollar and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the mutual promises of the parties, the parties agree as follows:

1. Aileron hereby assigns and transfers to Cirrus and Cirrus hereby takes and assumes all of Aileron's rights, interests and obligations in the Leases. DAA and DEDA hereby consent to said assignment by Aileron and assumption by Cirrus of the Leases.
2. DAA and DEDA acknowledge that to the best of their knowledge Aileron, as the assignee under the prior assignments of the Leases, has performed all of the duties, liabilities and obligations imposed upon it by the terms, provisions and conditions contained in each of the Leases, and that there is no default under the terms of any of the Leases as of the date hereof. Neither DAA nor DEDA has delivered or received any notice of any default under the Ground Lease. DAA and DEDA acknowledge that any execution of a mortgage by Republic Bank to secure any loan to Cirrus does not constitute a default under the Leases.
3. The Leases are in full force and effect and have not been modified since the execution thereof (or if any Leases have been modified, true and complete copies of all modifications and amendments have been provided to Cirrus by Aileron).
4. A PORTION OF THE LEASE ASSIGNMENT IS, BY VIRTUE OF THE LAND LEASED UNDER GROUND LEASE 2, SUBJECT TO AN ENVIRONMENTAL COVENANT UNDER MINN. STATE. CH. 114E, DATED MAY 27, 2006, RECORDED MAY 30, 2008 IN THE OFFICIAL PROPERTY RECORDS OF ST. LOUIS COUNTY, MINNESOTA, AS DOCUMENT NO. 853526.
5. This Agreement may be executed in counterparts, each of which when so executed shall be deemed an original, and all such counterparts shall together constitute one in the same instrument. Delivery of an executed counterpart of this instrument by facsimile or e-mail shall be as effective as delivery of an original executed counterpart hereof.
6. This instrument shall be binding upon the successors and assigns of DAA and DEDA.
7. This Assignment of Ground Leases and Consents is effective upon execution by the parties hereto.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the dates noted below.

[EXECUTIONS ON FOLLOWING PAGES]

AILERON LLC (Assignor)

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

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

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

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

CIRRUS DESIGN CORPORATION (Assignee)

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

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

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

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

\_\_\_\_\_

CONSENTED TO BY:

DULUTH AIRPORT AUTHORITY

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

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

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

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

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

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

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

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

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