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SUBJECT: DEDA and Cirrus reach a new deal

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DEDA and Cirrus reach a new deal

The Duluth Economic Development Authority (DEDA) and Cirrus have reached a tentative lease termination agreement on their lease for the former Northwest Maintenance facility. Cirrus has been working with DEDA staff to facilitate a mutually beneficial termination agreement since their vacation of the facility in September 2009. Cirrus still has obligations to DEDA of \$225,000 for back payments, including \$37,500 to the Duluth Airport Authority for unpaid ground lease payments for the former Northwest Maintenance facility.

Under a new agreement, Cirrus would be allowed to terminate its original lease agreement with DEDA effective September 31, 2009, once they pay the Duluth Airport Authority. The unpaid DEDA lease payments will be restructured as a forgivable loan, with a five year term. According to the new terms, the remainder of the unpaid rent would be forgiven if Cirrus were to move other operations to the airport or expand its existing operations in the next five years. If Cirrus relocates any current operations out of Duluth, the remainder of the rent will be due immediately.

“We feel the terms of this agreement meet the needs of both parties. Cirrus is an important business partner in this community. DEDA and the City have and will continue to work with Cirrus to ensure their sustained presence in Duluth,” said Brian Hanson, DEDA Executive Director.

Cirrus had leased the Northwest Maintenance facility for the purpose of development of their personal jet aircraft. However, the sudden market crash made it unnecessary for Cirrus to use the facility for the intended purpose. Cirrus has a clearly defined development plan to get the Vision jet certified and into production.

“All of the design and manufacturing of the new Cirrus Jet has taken place, and continues to take place here in Duluth. When the time comes for the new Jet to go into full scale production, I want Cirrus to build those jets in Duluth as well. This agreement builds upon a strong and cooperative relationship that will help ensure Duluth Duluth is in a good position to bring all of those additional jobs to our region. Cirrus remains one of our most important employers – we are confident about their future in Duluth and are committed to their success,” said Mayor Don Ness.

“The Termination Agreement lays out a deliberate and specific plan to continue to work together with DEDA to build upon our new refined structure ... We believe this Agreement builds upon our combined commitment to a strong future growth here in Duluth,” said Bill King, Vice President of Business Administration at Cirrus.

DEDA Commissioners will vote on the lease termination agreement at their May 19th meeting.

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