

**DEVELOPMENT AGREEMENT  
BETWEEN  
CITY OF DULUTH,  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY,  
AND  
CIRRUS DESIGN CORPORATION**

This DEVELOPMENT AGREEMENT (this “**Agreement**”) is effective as of the date attested to by the City Clerk below (the “**Effective Date**”) and is by and between the CITY OF DULUTH, a municipal corporation and political subdivision under the laws of the State of Minnesota (“**City**”), the DULUTH ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic and political subdivision under Minnesota Statutes Chapter 469 (“**DEDA**”) and CIRRUS DESIGN CORPORATION, a Wisconsin corporation (“**Cirrus**”). City, DEDA and Cirrus are referred to in this Agreement individually as a “**Party**” and collectively as the “**Parties**.”

**RECITALS**

WHEREAS, Cirrus is an aircraft manufacturer of general aviation aircraft having a portion of its manufacturing facilities located at the Duluth International Airport, and is a major employer and substantial contributor to the Duluth regional economy; and

WHEREAS, in 2001, City constructed a 79,000 square foot building at the Duluth International Airport (the “**Incubator Building**”) using a combination of its own funds, grant funds from the U.S. Economic Development Administration, and significant funding from Cirrus; and

WHEREAS, the Incubator Building is owned by City, and is located on the land legally described on Exhibit A (the “**Land**”); and

WHEREAS, City is the fee owner of the Land, but through a series of agreements, including but not limited to a Ground Lease dated August 12, 1993 (the “**Ground Lease**”) and an Assignment of Rights and Ground Lease and Consents dated February 5, 2002 (the “**Ground Lease Assignment**”), City is also the holder of a ground lessee interest in the Land; and

WHEREAS, Cirrus is currently in possession of the Land and the Incubator Building pursuant to a Sub-Lease Agreement between Cirrus and City dated October 10, 2002 (the “**2002 Sublease**”), the initial term of which began on October 1, 2002, and which is now on a month-to-month term; and

WHEREAS, based upon City and Cirrus’s initial expenditures on the Incubator Building, the 2002 Sublease also set forth the minimum purchase price and distribution of funds from sale of the Incubator Building in the event City sold the Incubator Building at the end of the term, requiring a minimum sale price of \$3.4 million with proceeds above that amount being paid back to Cirrus to cover Cirrus’s unreimbursed costs (and interests thereon) as to the Incubator Building, and with any remaining proceeds above those unreimbursed costs and interests being retained by City; and

WHEREAS, based on an appraisal dated December 12, 2022, the Incubator Building was appraised at \$4.8 million; and

WHEREAS, Cirrus’s unreimbursed costs from the construction of the Incubator Building and interest thereon total \_\_\_\_\_, and so sale of the Incubator Building for the appraised value of \$4.8 million pursuant to the terms of the 2002 Sublease would require all proceeds in excess of \$3.4 million be returned to Cirrus; and

WHEREAS, Cirrus desires to expand its manufacturing and related capabilities and to increase employment at its facilities; and

WHEREAS, Cirrus has been able to grow as an industry and anticipates having the capacity to maintain a minimum number of jobs in Duluth over the next decade and continue to have a material portion of its manufacturing operations located in Duluth as a result of its ongoing, exclusive use of certain buildings and facilities located at the Duluth International Airport, including the Incubator Building; and

WHEREAS, in 2022 Cirrus purchased a building at the Duluth International Airport (the “**MRO Building**”), and entered into that certain Business Subsidy Agreement dated September 16, 2022 (the “**Tax Abatement Agreement**”), pursuant to which, among other things, Cirrus agreed to accept certain business subsidies from City, including tax abatement, in exchange for certain covenants and agreements from Cirrus regarding campus-wide job maintenance and growth over decade-long period; and

WHEREAS, concurrently with Cirrus’ acquisition of the MRO Building, DEDA and Cirrus entered into that certain Side Letter Agreement dated on or about September 16, 2022, pursuant to which DEDA agreed to assist and facilitate the purchase of the Improvements (as defined below) and the Personal Property (as defined below);

WHEREAS, the Parties desire that (1) City retains its current interest in the Land as fee title owner and ground lessee; (2) Cirrus have the exclusive opportunity to purchase the Improvements and the Personal Property as described in this Agreement; and (3) Cirrus and City terminate the 2002 Sublease and enter into a new sublease agreement for the Land to allow Cirrus to continue to use the Land; and

WHEREAS, Cirrus desires to purchase and DEDA wishes to sell the Improvements and Personal Property, for Cirrus’s continued use of the Incubator Building in the manufacture of aircraft subject to the conditions and requirements of this Agreement; and

WHEREAS, because all proceeds from the sale of the Incubator Building at the appraised value in excess of \$3.4 million would have to be remitted to Cirrus under the terms of the 2002 Sublease, Cirrus and DEDA have negotiated a purchase price for the Incubator Building, (including all of the other Improvements and the Personal Property) of \$3.45 million.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

#### Article 1. Definitions.

The following terms shall have the meanings set forth below:

1.1 Agreement. This Agreement, including the following exhibits attached hereto and hereby made a part hereof:

Exhibit A:	Legal Description of Land
Exhibit B:	Bill of Sale
Exhibit C:	2023 Sublease
Exhibit D:	Tax Abatement Agreement
Exhibit E:	Form of Seller’s Affidavit
Exhibit F:	Form of Estoppel Certificate

Exhibit G: Covenants of Use

- 1.2. Bill of Sale. This term has the meaning set forth in Section 9.2.1 below.
- 1.3. Cirrus Campus. The properties and buildings owned, leased, controlled, or used by Cirrus on or adjacent to the Duluth International Airport for the design, manufacture, maintenance, and operation of its aircraft manufacturing operations.
- 1.4. Closing. Concurrently, (i) the transfer of title to the Improvements and Personal Property, to Cirrus by the Bill of Sale; (ii) execution and delivery of the 2023 Sublease and commencement of the term of the 2023 Sublease; (iii), the payment to DEDA of the Purchase Price; and (iv) the performance by each of the Parties of the other obligations on its part to be performed on or before the Closing Date, all in accordance with Article 9.
- 1.5. Closing Date. The date on which the Closing shall occur as provided in Section 9.1, subject to Section 10.3 and any other provision of this Agreement which provides for postponement of the Closing Date.
- 1.6. Commitment. The title insurance commitment with respect to the Real Property described in Section 5.1.1.
- 1.7. Contingency Date. The date which is ninety (90) days after the date of this Agreement.
- 1.8. Covenants of Use. Collectively, those covenants encumbering the Land running in favor of \_\_\_\_\_ and restricting the use of the Property pursuant to 13 C.F.R. § 314.10(e), as registered in the Office of the St. Louis County Registrar of Titles on \_\_\_\_\_, 2023 and Document No. \_\_\_\_\_, a copy of which has been provided to Cirrus, attached hereto as Exhibit G.
- 1.9. Estoppel. This term has the meaning set forth in Section 13.3 below.
- 1.10. Executory Period. The period between the mutual execution and delivery of this Agreement and the Closing.
- 1.11. Ground Lease. This term has the meaning set forth in the above recitals.
- 1.12. Ground Lease Assignment. This term has the meaning set forth in the recitals above.
- 1.13. Hazardous Material. Any substance, chemical, waste or material that is or becomes regulated under applicable law because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity, including asbestos, urea formaldehyde, polychlorinated biphenyls, nuclear fuel or materials, radioactive materials, explosives, known carcinogens, petroleum products and by-products and any substance, chemical, waste or material regulated by any Hazardous Material Law.
- 1.14. Hazardous Material Laws. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, and the Toxic Substances Control Act, as such acts may be amended from time to time, and any other Federal, state, county, municipal, local or other law, statute, code, ordinance,

rule or regulation which relates to or deals with human health or the environment in the jurisdiction in which the Real Property is located.

1.15 Improvements. All buildings, structures, fixtures and improvements located on the Land.

1.16 Land. This term has the meaning set forth in the recitals above.

1.17 MRO Building. The building owned by Cirrus at the Duluth International Airport and subject to and legally described in the Tax Abatement Agreement.

1.18 MRO Property. The real property at the Duluth International Airport on which the MRO Building is located and legally described in the Tax Abatement Agreement.

1.19 Permits. All licenses and permits in possession of or benefitting DEDA and/or City relating to the Land, Improvements or the Personal Property, including all certificates of occupancy and other permits, licenses or approvals issued under applicable law.

1.20 Permitted Exceptions. The easements, restrictions, reservations and other matters affecting title to the Property, which are determined to be Permitted Exceptions pursuant to Section 10.2.

1.21 Personal Property. All equipment, machinery, furnishings and other personal property, other than inventory, owned by DEDA and located on the Real Property on the Closing Date.

1.22 Property. The Improvements, the Personal Property, the 2023 Sublease, the Permits, the Warranties and the Land collectively.

1.23 Purchase Price. The purchase price for the Improvements, Personal Property, the Permits, and the Warranties set forth in Article 3 below.

1.24 Real Property. The Land and the Improvements, collectively.

1.25 2002 Sublease Agreement. This term has the meaning set forth in the recitals above.

1.26 2023 Sublease Agreement. The Sublease between City and Cirrus, a copy of which is attached as Exhibit C.

1.27 Survey. The survey of the Property described in Section 10.1.

1.28 Tax Abatement Agreement. As defined in the Recitals.

1.29 Title Company. The Minneapolis office of First American Title Insurance Company.

1.30 Title Evidence. Collectively, the items of title evidence listed in Section 10.1.

1.31 Warranties. All warranties and guaranties in City's and/or DEDA's possession or control given to, assigned to or benefiting City, DEDA, the Improvements or the Personal Property, regarding the acquisition, construction, design, or operation of the Improvements or the Personal Property.

Article 2. Purchase and Sale. DEDA hereby agrees to sell, and Cirrus hereby agrees to purchase, upon and subject to the terms and conditions hereinafter set forth, the Improvements and the Personal Property.

Article 3. Purchase Price. Cirrus shall pay to DEDA as and for the Purchase Price for the purchase referenced in Article 2 above the sum of Three Million Four Hundred Fifty Thousand Dollars (\$3,450,000) (the “**Purchase Price**”). The Purchase Price shall be paid in cash or by certified or cashier’s check or wire transfer of immediately available funds on the Closing Date.

Article 4. Condition of Improvements and Personal Property. Cirrus acknowledges (i) Cirrus has been in possession of the Real Property and Personal Property for approximately twenty-one (21) years and (ii) other than as specified in this Agreement and any documents executed by City or DEDA at Closing, neither City nor DEDA have made any representations or warranties regarding the Land, the Improvements, or the Personal Property, including but not limited to the value, quality, or condition; the suitability of the Improvements and the Personal Property for any activity or use which Cirrus may conduct; the compliance of the Improvements and the Personal Property with any laws or regulations; the habitability, merchantability, marketability, profitability, or fitness of the Improvements and Personal Property for a particular purpose. Cirrus acknowledges and agrees that, to the extent permitted by law, Cirrus is purchasing the Improvements and the Personal Property in its “AS-IS” condition.

Article 5. Job Creation; Maintenance; Reporting; Subsidy Payments. As a material part of the consideration for the Parties entering into this Agreement, each of the Parties hereby acknowledge and agree that the obligations of the Parties under the Tax Abatement Agreement are incorporated into and made part of this Agreement, but that the terms of this Agreement shall not amend, terminate, or modify the Tax Abatement Agreement in any way. Cirrus acknowledges and agrees that such obligations under the Tax Abatement Agreement incorporated herein by reference includes, without limitation, Cirrus’ obligations under the Tax Abatement Agreement relating to minimum employment requirements, job creation, job maintenance and reporting. Without limitation of anything in this Article 5, nothing in this Agreement shall be construed as extending the maximum term or amount to be paid under the Tax Abatement Agreement.

Article 6. Covenants of Use. Cirrus shall not engage in any act or omission in its use or non-use of any part of the Property that violates the Covenants of Use.

Article 7. Term. The term of this Agreement shall run until the earlier of (i) the date that the Tax Abatement Agreement terminates for any reason, or (ii) December 31, 2033, unless earlier terminated as provided for herein.

Article 8. Conveyance. Except for a transfer to a “Permitted Transferee” under the 2023 Sublease Agreement, Cirrus shall not sell or otherwise convey its interest in the Improvements or the Personal Property without the express, written approval of City’s Director of Planning and Economic Development.

Article 9 Closing.

9.1 Closing Date. The Closing shall occur on at least thirty (30) days’ prior written notice from Cirrus to DEDA, but in no event later than the first business day occurring ten (10) days after the Contingency Date. If Cirrus fails to deliver such notice at least thirty (30) days before the Contingency Date, the Closing shall occur on the first business day that occurs ten (10) days after the Contingency Date. The Closing shall be an escrow closing and take place at the offices of Title Company or at such other place, date and time as City, DEDA and Cirrus may agree.

9.2 DEDA's Closing Deliveries. At Closing, DEDA shall execute, acknowledge (where appropriate), and deliver to Cirrus the following, each dated as of the Closing Date and in form and substance reasonably satisfactory to Cirrus:

9.2.1 A warranty bill of sale conveying to Cirrus the Improvements and the Personal Property, subject only to Permitted Exceptions, which will be recorded in the Office of the St. Louis County Registrar of Titles.

9.2.2 A general assignment assigning to Cirrus all of DEDA's right, title and interest in the Permits and the Warranties, subject only to Permitted Exceptions.

9.2.3 A certificate certifying signed by DEDA and City that the representations and warranties contained in Section 12.1 of this Agreement are true and correct as of the Closing Date.

9.2.4 An affidavit of DEDA regarding liens, judgments, residence, tax liens, bankruptcies, parties in possession, survey and mechanics' or materialmen's liens in the form attached hereto as Exhibit E.

9.2.5 Notice to the ground lessor under the Ground Lease advising such ground lessor of the 2023 Sublease Agreement and the Cirrus' purchase of the Personal Property and Improvements.

9.2.6 A transferor's certification stating that DEDA is not a "foreign person", "foreign partnership", "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code, and containing such additional information as may be required thereunder.

9.2.7 Any appropriate required Federal Income Tax reporting form.

9.2.8 All documents and instruments which (a) Cirrus or Title Company may reasonably determine are necessary to transfer the Improvements and the Personal Property to Cirrus, subject only to the Permitted Exceptions, and enter into the 2023 Sublease Agreement, (b) Cirrus or Title Company may reasonably determine are necessary to evidence the authority of DEDA to enter into and perform this Agreement and the documents and instruments required to be executed and delivered by DEDA pursuant to this Agreement, (c) Cirrus or Title Company may reasonably determine are necessary to evidence the authority of City to enter into and perform the 2023 Sublease Agreement, (d) Title Company may require as a condition to issuing the title insurance policy described in Section 10.1.2, or (e) may be required of DEDA under applicable law, including any revenue or tax certificates or statements, or the extent of compliance of any of the Improvements with applicable law.

9.2.9 A settlement statement, prepared by the Title Company consistent with this Agreement.

9.2.10 The Estoppel required pursuant to Section 13.3, executed and delivered by the ground lessor under the Ground Lease.

9.3 Cirrus's Closing Deliveries. At Closing, Cirrus shall cause to be delivered to DEDA or City as applicable:

9.3.1 To DEDA, the Purchase Price, in cash or by certified or cashier's check or by wire transfer of immediately available funds.

9.3.2 All documents and instruments, each executed and acknowledged (where appropriate) by Cirrus, which (a) City, DEDA or Title Company may reasonably determine are necessary to evidence the authority of Cirrus to enter into and perform this Agreement and the documents and instruments required to be executed and delivered by Cirrus pursuant to this Agreement, or (b) may be required of Cirrus under applicable law, including any purchaser's affidavits or revenue or tax certificates or statements.

9.3.3 A settlement statement, prepared by Title Company, consistent with this Agreement executed by Cirrus.

9.3.4 The 2023 Sublease Agreement.

9.4 City's Closing Deliveries. At Closing, City shall acknowledge (where appropriate) and deliver to Cirrus the following:

9.4.1 The 2023 Sublease Agreement.

9.5 Closing Escrow. The Parties at their option may deposit the respective Closing deliveries described in Sections 9.2, 9.3 and 9.4 with Title Company with appropriate instructions for delivery, recording, and disbursement consistent with this Agreement.

9.6 Closing Adjustments. The following adjustments shall be made at Closing:

9.6.1 Pursuant to Article IV, Section C of the 2002 Sublease, all taxes and assessments of any kind that arise because of, out of, or in the course of any operations of Cirrus on the Land arising on or after October 1, 2002 shall be paid by Cirrus. DEDA shall pay in full all "green acres", catch-up or other deferred taxes applicable to any of the Real Property as of the Closing Date that arose before October 1, 2002. Pursuant to Article IV, Section C of the 2002 Sublease, all other taxes on the Real Property or the Personal Property shall be Cirrus's sole responsibility.

9.6.2 Subject to the terms of the 2002 Sublease, and to the extent DEDA is required to pay any special assessments under the Ground Lease, DEDA shall pay in full all special assessments (and charges in the nature of or in lieu of such assessments) levied, pending, or constituting a lien with respect to any of the Real Property as of the Closing Date arising before October 1, 2002. Pursuant to Article IV, Section C of the 2002 Sublease, Cirrus shall be solely responsible for any special assessments levied, pending, or constituting a lien with respect to any of the Real Property arising on or after October 1, 2002.

9.6.3 DEDA shall pay the cost of recording all documents necessary to place record title to the Improvements in DEDA in the condition required pursuant to Sections 10.2 and 10.3. Cirrus will pay the cost of recording all other documents, including Bill of Sale.

9.6.4 DEDA will pay the costs of the Commitment. Cirrus shall pay all premiums required for an owner's and mortgagee's title insurance policy and any endorsements to the policies.

9.6.5 DEDA and Cirrus shall each pay one half (1/2) of any Closing fee payable to Title Company with respect to the transaction contemplated by this Agreement.

9.6.6 Except as provided in Articles 15 and 18, the Parties shall each pay their own attorneys' fees incurred in connection with this transaction.

9.6.7 Pursuant to Article IV, Section C of the 2002 Sublease, all utility expenses, including water, fuel, gas, electricity, telephone, sewer, trash removal, heat and other services furnished to or provided for the Real Property have been at Cirrus's expense since October 1, 2002 and, subject to the terms of the 2023 Sublease Agreement, shall remain at Cirrus's expense after the Closing Date.

9.6.8 Pursuant to Article IV, Section C of the 2002 Sublease, all other operating costs of the Real Property have been at Cirrus's expense since October 1, 2002 and, subject to the terms of the 2023 Sublease Agreement, shall remain at Cirrus's expense after the Closing Date.

9.6.7 Cirrus shall pay the costs of the December 12, 2022 appraisal of the incubator building.

If any of the amounts allocated under this Section 9.6 cannot be calculated with complete precision at Closing because the amount or amounts of one or more items included in such calculation are not then known, then such calculation shall be made on the basis of the reasonable estimates of the Parties, subject to prompt adjustment (by additional payment or refund, as necessary) when the amount of any such item or items become known.

9.7 Possession. DEDA and City shall deliver exclusive legal and actual possession of the Property to Cirrus on the Closing Date, subject to the 2023 Sublease Agreement.

#### Article 10. Title Examination.

##### 10.1 Title Evidence.

10.1.1 Cirrus has ordered a Commitment from Title Company to insure title to the Improvements and Cirrus's leasehold interest under the 2023 Sublease Agreement.

10.1.2 Cirrus, at its expense, may obtain a current survey of the Real Property in a form acceptable to Cirrus in its sole and absolute discretion.

10.1.3 Cirrus may, at its expense, obtain a report of UCC searches of the Uniform Commercial Code records of the secretary of state, county recorder and any other applicable filing location in the jurisdiction in which the Property is located under the Uniform Commercial Code as adopted therein.

10.2 Cirrus's Objections and Requirements. Cirrus shall be allowed until the Contingency Date for examination of the Title Evidence and making any written objections to the content of the same. Any objections not made within said period shall be deemed to be waived by Cirrus and shall be Permitted Exceptions. Notwithstanding the foregoing, (i) the Covenants of Use shall be a Permitted Exception; and (ii) Cirrus shall not be required to object to and DEDA, to the extent permitted by law and subject to availability of dedicated funds, must remove at Closing any monetary liens or encumbrances, including tax liens or judgements, arising by or through the actions of City or DEDA, including any mortgage with the United States Department of Commerce. Cirrus' objections may include, among other matters, additional requirements with regard to the Title Evidence based upon its initial review of the same, including requiring



(a) satisfaction of Title Company's requirements as set forth in the Commitment, and (b) revisions to the Title Evidence as to any matters reasonably warranting additional investigation, affirmative insurance and/or certification. Cirrus shall have the renewed right to object to the Title Evidence as the same may be revised or endorsed from time to time.

10.1 Correction of Title. At DEDA's election, DEDA may fix any title objections, or may decline to fix any title objections by delivering written notice to Cirrus within 10 days of receipt of Cirrus's objections. If DEDA undertakes to fix any title objections, DEDA shall be allowed thirty (30) days after the making of Cirrus's objections to cure the same. Pending such cure, the Closing shall be postponed to the extent necessary to accommodate such time period; provided however, DEDA shall not be allowed any additional time beyond the date specified for Closing in Section 10.1 to discharge or satisfy any mortgage, judgment or other monetary lien. Upon such cure, the Closing shall be held on the later of (a) the Closing Date, and (b) the first business day occurring ten (10) days after the date such cure is completed. If such cure is not completed within said thirty (30) day period, Cirrus shall have the option to do any of the following:

10.1.1 Terminate this Agreement.

10.1.2 Waive one or more of its objections and proceed to Closing, in which case such waived objections shall be Permitted Exceptions.

#### Article 11. Conditions Precedent.

11.1 Conditions in Favor of Cirrus. The obligation of Cirrus to close the transaction contemplated under this Agreement is contingent upon each of the following:

11.1.1 On or before the Contingency Date, Cirrus shall have received the Estoppel and determined that it is satisfied with the matters described therein, and shall have determined that the matters and conditions disclosed by the reports, investigations and tests received or performed by Cirrus pursuant to Section 13.1 and with its review and analysis of the Permitted Exceptions, including, without limitation, its review of the Covenants of Use, Ground Lease and 2023 Sublease Agreement, and Cirrus has otherwise found the Improvements and Personal Property to be in a condition satisfactory to proceed to Closing.

11.1.2 On the Closing Date, Title Company shall be irrevocably committed to issue to Cirrus a lessee's policy of title insurance pursuant to the Commitment with respect to the 2023 Sublease Agreement as designated by Cirrus pursuant to Section 10.2, subject only to the Permitted Exceptions and otherwise in a form approved by Cirrus pursuant to Sections 10.2 and 10.3.

11.1.3 On the Closing Date, Cirrus shall receive the fully executed 2023 Sublease Agreement, together with any required consents thereto by the Duluth Airport Authority, as ground lessor under the Ground Lease.

11.1.4 On the Closing Date, each of the representations and warranties of City and DEDA in Section 12.1 shall be true and correct as if the same were made on the Closing Date.

11.1.5 On the Closing Date, City and DEDA shall have performed all of the obligations required to be performed by City and DEDA before the Closing Date under this Agreement, as and when required under this Agreement.

11.1.6 On the Closing Date, City Council shall have approved the transactions contemplated in this Agreement, including the conveyance to Cirrus of the Improvements and Personal Property and the 2023 Sublease Agreement.

11.1.7 On the Closing Date, DEDA shall convey the Improvements and Personal Property free and clear of all monetary liens or encumbrances, including tax liens or judgments, arising by or through the actions of City or DEDA, including any mortgage with the United States Department of Commerce.

If any conditions in this Section 11.1 have not been satisfied on or before the applicable date set forth in this Section 11.1 with respect to each condition, then Cirrus may terminate this Agreement by notice to City and DEDA, subject however to Article 18. The conditions in this Section 11.1 are specifically stated and for the sole benefit of Cirrus. Cirrus in its discretion may unilaterally waive (conditionally or absolutely) the fulfillment of any one or more of the conditions, or any part thereof, by notice to DEDA.

11.2 Conditions in Favor of City and DEDA. The obligation of City and DEDA to close the transaction contemplated under this Agreement is contingent upon each of the following:

11.2.1 On the Closing Date, each of the representations and warranties of Cirrus in Section 12.2 shall be true and correct as if the same were made on the Closing Date.

11.2.2 On the Closing Date, Cirrus shall have performed all of the obligations required to be performed by Cirrus by the Closing Date under this Agreement as and when required under this Agreement.

If any of the conditions in this Section have not been satisfied on or before the applicable date set forth in this Section 11.2 with respect to each condition, then DEDA and/or City may terminate this Agreement by notice to Cirrus on or before the applicable date, subject however to Article 18. The conditions in this Section 11.2 are specifically stated and for the benefit of City and DEDA. City and/or DEDA in their respective discretions, may unilaterally waive any one or more of the conditions, or any part thereof, by notice to Cirrus.

11.3 Cooperation. The Parties shall cooperate with each other to all reasonable extents and without charge in the parties' attempts to satisfy the condition set forth in Sections 10. and 10.2, respectively, including executing such documents as may be reasonably requested by the other in connection therewith.

## Article 12. Representations and Warranties.

12.1 City's and DEDA's Representations and Warranties. City and DEDA as applicable, represent and warrant to Cirrus as of the date of this Agreement as follows:

12.1.1 As of the Closing, DEDA will have good and marketable title to the Improvements, subject to no liens, easements, restrictions or other encumbrances other than the Ground Lease, the Ground Lease Assignment, 2002 Sublease, Covenants of Use, and the Permitted Exceptions.

12.1.2 DEDA has not entered into any contracts for the sale of any of the Improvements or the Personal Property other than this Agreement. Neither City nor DEDA have received notice of and have no knowledge of any rights of first refusal or first offer, options to purchase any of the Improvements or the Personal Property, to acquire City's interest under the Ground Lease or any other rights or agreements which may delay or prevent this transaction.

12.1.3 There have been no labor or materials of any kind furnished to or for the benefit of the Real Property at the request of City or DEDA for which payment in full has not been made.

12.1.4 To City and DEDA's knowledge, no person or entity is entitled to possession of any of the Real Property, other than Cirrus, DEDA and City and except pursuant to the Permitted Exceptions, the Ground Lease, the Ground Lease Assignment, the 2002 Sublease. City is the only ground tenant under the Ground Lease relating to the Real Property and the interests of Industrial Resources Corporation, [Aileron \_\_\_\_\_] and [Midland \_\_\_\_\_], under the Ground Lease or to any portion of the Real Property, including the Improvements and Personal Property, have been fully extinguished and are no longer applicable.

12.1.5 Neither City nor DEDA have received notice of and have no knowledge of any pending or proposed special assessments affecting the Real Property or any proposed or pending public improvements which may give rise to any special assessments affecting the Real Property.

12.1.6 Neither City nor DEDA have received notice of and have no knowledge of any pending or threatened condemnation or transfer in lieu thereof affecting any of the Real Property, nor have City or DEDA agreed or committed to dedicate any of the Land.

12.1.7 Neither City nor DEDA have received notice of and have no knowledge of any action, litigation, investigation or proceeding of any kind pending or threatened against City or DEDA of which any of the Real Property is the subject, and neither City nor DEDA know of any facts which could give rise to any such action, litigation, investigation or proceeding.

12.1.8 To City and DEDA's knowledge there is no "well" (as defined in Minnesota Statutes § 103I.005, Subd. 21) located on the Land. This representation is given in satisfaction of Minnesota Statutes § 103I.235, Subd. 1(a).

12.1.9 To City and DEDA's knowledge, there is no "individual sewage treatment system" (as defined in Minnesota Statutes § 115.55, Subd. 1(g)) located on the Land. Sewage generated on the Real Property goes to a permitted facility.

12.1.10 To City and DEDA's knowledge methamphetamine production has occurred on the Land.

12.1.11 City has delivered or, within the time frame provided in Section 12.2, shall deliver to Cirrus true, correct and complete copies of the Ground Lease, and the Ground Lease Assignment. City has a valid leasehold interest in the Land pursuant to the Ground Lease and Ground Lease Assignment. The Ground Lease, as to the Land, is in full force and effect and, to City's knowledge, neither City nor ground lessor is in default of their respective obligations and liabilities under the Ground Lease as to the Land. Except for approval by resolution of the City Council, no consents or approvals (including, without limitation, the consent or approval of ground lessor under the Ground Lease) are required in connection with the sublease of the Land by City to Cirrus. There are no other leases or possessory rights of others regarding any of the Property.

12.1.12 Neither City nor DEDA have (i) made a general assignment for the benefit of creditors, (ii) filed any involuntary petition in bankruptcy or suffered the filing of any involuntary petition by City's and/or DEDA's creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of City's and/or DEDA's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of City's and/or DEDA's assets, (v) admitted in

writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally.

12.1.13 Neither City nor DEDA is a “foreign person”, “foreign partnership”, “foreign trust” or “foreign estate” as those terms are defined in Section 1445 of the Internal Revenue Code.

12.1.14 As of the Closing, DEDA has good and marketable title to the Personal Property, free and clear of all liens or other encumbrances other than the Permitted Exceptions.

12.1.15 The individuals executing this Agreement on behalf of City and DEDA have the requisite authority to execute this Agreement. This Agreement has been duly executed and delivered by City and DEDA and is a valid and binding obligation of City and DEDA enforceable in accordance with its terms. Upon receipt of any required resolutions passed by the City Council before Closing, each of DEDA and the City shall have the power and authority to perform their respective obligations under this Agreement and enter into those documents that are to be delivered by City and DEDA hereunder.

If City and/or DEDA learn that any of the foregoing representations and warranties are untrue in any material respect, City and/or DEDA shall promptly deliver written notice of such event to Cirrus. Consummation of this Agreement by Cirrus with knowledge of any such breach shall constitute a waiver or release by Cirrus of any claims arising out of or in connection with such breach. The foregoing representations and warranties (including as remade pursuant to Section 8.2.3) shall survive termination of this Agreement. Neither City nor DEDA shall have liability with respect to any breach of a particular representation and warranty if Cirrus shall fail to (a) notify City and/or DEDA thereof within a reasonable time after discovery thereof, or (b) commence an action against City and/or DEDA with respect to the breach in question within twenty-four (24) months after Closing (the “**Survival Period**”).

12.2 Cirrus’s Representations and Warranties. Cirrus represents and warrants to City and DEDA as of the date of this Agreement as follows:

12.2.1 Cirrus has been duly formed under the laws of the State of Wisconsin and has the requisite power and authority to enter into and perform this Agreement and the documents and instruments required to be executed and delivered by Cirrus pursuant hereto. This Agreement has been duly executed and delivered by Cirrus and is a valid and binding obligation of Cirrus enforceable in accordance with its terms. This Agreement and the documents and instruments required to be executed and delivered by Cirrus pursuant hereto have each been duly authorized by all necessary corporate action on the part of Cirrus and that such execution, delivery and performance does and will not conflict with or result in a violation of Cirrus’s articles of organization, by-laws or LLC Agreement, or any judgment, order or decree of any court or arbiter to which Cirrus is a party, or any agreement to which Cirrus and/or any of the Property is bound or subject.

12.2.2 Cirrus has not (i) made a general assignment for the benefit of creditors, (ii) filed any involuntary petition in bankruptcy or suffered the filing of any involuntary petition by Cirrus’s creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of Cirrus’s assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Cirrus’s assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally.

If Cirrus learns that any of the foregoing representations and warranties are untrue in any material respect, Cirrus shall promptly deliver written notice of such event to City and DEDA. The foregoing

representations and warranties shall survive termination of this Agreement. Cirrus shall have no liability with respect to any breach of a particular representation and warranty if DEDA or City, as applicable, shall fail to (a) notify Cirrus thereof within a reasonable time after discovery thereof, or (b) commence an action against Cirrus with respect to the breach in question within the Survival Period.

Article 13. Inspection; Condition of Property at Closing.

13.1 Right of Entry. During the Executory Period, Cirrus and its employees, agents and independent contractors shall have the right to enter the Real Property pursuant to the terms of the 2002 Sublease. If Cirrus determines in its sole and absolute discretion that the Real Property is not suitable for Cirrus's intended purposes, Cirrus may terminate this Agreement at any time by delivering written notice of its election to do so not later than the Contingency Date, in which event this Agreement shall terminate.

13.2 Delivery Requirements. To the extent not previously delivered by DEDA to Cirrus, DEDA shall deliver to Cirrus within fifteen (15) business days after mutual execution and delivery of this Agreement true and complete copies of each of the Permits, Warranties, Ground Lease, Ground Lease Assignment, and draft of the Covenants of Use.

13.3 Estoppel Certificate. City shall obtain and deliver to Cirrus, not later than five (5) business days prior to the the Contingency Date, an estoppel certificate substantially in the form of Exhibit F from ground lessor under the Ground Lease (the "**Estoppel**"). If City is unable to timely meet the requirements herein, Cirrus may, as its sole and exclusive remedy, either: (i) waive the requirement that the Estoppel be signed by the ground lessor and proceed to Closing, (ii) within five (5) days after the Contingency Date, terminate this Agreement in which event all other rights and duties under this Agreement shall cease, or (iii) extend the Contingency Date for up to thirty (30) days to provide DEDA with additional time to obtain the Estoppel from the City.

Article 14. Operation Pending Closing. During the Executory Period, City and DEDA shall (a) maintain and manage the Property in a manner substantially similar to its past practice, (b) not lease, convey or otherwise transfer any of the Property, (c) execute no contracts, leases, or other agreements regarding the Property (including any amendment or modification thereof) without the consent of Cirrus, (d) undertake no repairs or alterations of the Property of a capital nature without the consent of Cirrus, and (e) promptly deliver to Cirrus a copy of any notice, consent, waiver, request or other communication City or DEDA receives from any public or private entity with respect to any of the Property, or any notices pertaining to the Ground Lease that could potentially impact Cirrus's interest in the Land as sublessee.

Article 15. Indemnities.

15.1 City's and DEDA's Indemnities. City and DEDA hereby agrees to indemnify and hold Cirrus harmless from and against all liabilities incurred by Cirrus by reason of any of the following:

15.1.1 The breach of any of the representations and warranties set forth in Section 12.1 (including as remade pursuant to Section 9.2.3) or any other provision of this Agreement or any instrument delivered pursuant hereto.

15.1.2 Any breach by DEDA as lessee or City as Assignee under the Ground Lease that is not caused by the breach by Cirrus of its obligations under the 2002 Sublease Agreement.

15.2 Cirrus' Indemnities. Cirrus hereby agrees to indemnify and hold DEDA and City and their officers, directors, agents, and employees harmless from and against all liabilities incurred by DEDA and/or City arising out of following:

15.2.1 The breach of any of the representations and warranties set forth in Section 12.2 or any other provision of this Agreement or any instrument delivered pursuant hereto.

15.2.2 The violation of any law, ordinance, court order, regulation, or restriction, including the Covenants of Use, related to any part of the Property.

15.2.3 Cirrus's entry upon the any part of the Property pursuant to Section 13.1.

15.3 Procedure for Cirrus's Indemnification. Promptly after receipt by DEDA and/or City of notice of the commencement of any action with respect to which Cirrus is required to indemnify DEDA and/or City under this Agreement, DEDA and/or City, as applicable, shall notify Cirrus in writing of the commencement of the action, and, subject to the provisions as hereinafter stated, Cirrus shall assume the defense of the action using counsel selected by Cirrus and reasonably approved by DEDA or the City, as the case may be, and the payment of expenses required to be reimbursed by Cirrus hereunder. In so far as such action shall relate to any alleged liability of DEDA and/or City with respect to which indemnity may be sought against Cirrus, DEDA and/or City shall have the right to employ separate counsel and to participate in the defense thereof, and the fees and expenses of such separate counsel shall be at the expense of Cirrus.

15.4 Survival. The terms of this Article 15 shall survive termination of this Agreement.

Article 16. Casualty; Condemnation.

16.1 If prior to Closing any of the Improvements or the Personal Property is damaged or destroyed by fire or other casualty, DEDA shall immediately give notice thereof to Cirrus, and Cirrus at its option (to be exercised within thirty (30) days after DEDA's notice) may either (a) terminate this Agreement, or (b) proceed to Closing and receive at Closing a payment or an assignment of all amounts actually recovered or recoverable by DEDA on account of an existing insurance policy on the Improvements and the Personal Property. Prior to Closing, neither City nor DEDA shall adjust any casualty insurance on the Improvements or the Personal Property or commence any repair or restoration of any damage or destruction without the consent of Cirrus, which consent shall not be unreasonably withheld.

16.2 If prior to Closing eminent domain proceedings are commenced against any portion of the Improvements or the Personal Property, DEDA shall immediately give notice thereof to Cirrus, and Cirrus at its option (to be exercised within thirty (30) days after DEDA's notice) may either (a) terminate this Agreement, or (b) proceed to Closing and receive at Closing either a credit against the Purchase Price in the amount of the award, in the case of a completed eminent domain proceeding, or an assignment of all rights in eminent domain, in the case of a pending eminent domain proceeding. Prior to Closing, Neither City nor DEDA shall designate counsel, appear in, or otherwise act with respect to any eminent domain proceedings as to the Improvements or the Personal Property, or commence any repair or restoration resulting therefrom, without the consent of Cirrus.

16.3 All of the provisions of this Article 16 are subject to the terms of the Ground Lease. In the event the terms of the Ground Lease conflict with the terms of this Agreement, the terms of the Ground Lease shall control; but nothing in the Ground Lease shall be deemed to preclude Cirrus from terminating this Agreement pursuant to this Section 16.

Article 17. Brokers. Each of the Parties represents to the others that such Party has not incurred any brokerage commission or finder's fee as a result of this transactions and each Party agrees to hold the other harmless from all liabilities incurred by the other relating to such brokerage commission or finder's fee incurred as a result of the actions of such Party. The provisions of this Article 17 shall survive termination of this Agreement.

Article 18. Default.

18.1 Default Prior to Closing. If either party shall default in any of their respective obligations under this Agreement prior to Closing, the other party, by notice to such defaulting party specifying the nature of the default and the date on which this Agreement shall terminate (which date shall be not less than thirty (30) days after the giving of such notice), may terminate this Agreement, and upon such date, unless the default so specified shall have been cured, this Agreement shall terminate. In the case of any default by either party prior to the Closing, the non-defaulting party's sole and exclusive remedy shall be either termination of this Agreement as provided above or the right to specifically enforce this Agreement, provided that any action therefor is commenced within six (6) months after such right arises.

18.2 Default after Closing. The following shall be deemed to be events of default by Cirrus under the terms and conditions of this Agreement:

18.2.1 Cirrus shall commit any default under the 2002 Sublease or, once executed, the 2023 Sublease Agreement, as it may be amended or replaced from time to time, and such default continues past any applicable notice and cure period thereunder.

18.2.2 Cirrus shall commit and default under the Tax Abatement Agreement and such default continues past any applicable notice and cure period thereunder.

18.2.3 Cirrus shall fail to observe or perform any of the terms, conditions, covenants or agreements required to be observed or performed by it after Closing pursuant to this Agreement and such failure shall continue for a period of 30 calendar days after DEDA has, pursuant to the provisions of this Agreement, given written notice to Cirrus of such default or, in the event that such default shall be incapable of cure with reasonable diligence during said 30 day period, shall have failed to commence to cure said default within 30 days of the date of said notice and to diligently pursue the same to completion.

18.2.4 Cirrus shall violate the Covenants of Use with respect to its use or non-use of any part of the Property.

18.3 City and DEDA's Remedies for Cirrus's Defaults after Closing. If Cirrus defaults under any of its obligations under Section 18.2, City and DEDA shall each have the following remedies:

18.3.1 Terminate this Agreement.

18.3.2 Withhold the performance of any obligation owed under this Agreement.

18.3.3 In the case of a default by Cirrus under Section 18.2.1, pursue any remedies provided under the 2002 Sublease Agreement or 2023 Sublease Agreement, as the case may be.

18.3.4 In the case of a default by Cirrus under Section 18.2.2, pursue any remedies provided under the Tax Abatement Agreement.

18.3.5 In the case of a default by Cirrus under Section 18.2.4, seek and be entitled to recover from Cirrus the actual and reasonable direct out of pocket costs incurred by DEDA or the City solely as a result of such default.

18.3.6 In the case of a default by Cirrus under Section 18.2.4, seek and be entitled to injunctive or declaratory relief as is necessary to prevent violation of the Covenants of Use.

18.3.7 Seek such other legal or equitable relief as a court of competent jurisdiction is available; provided that Cirrus shall not be obligated to pay any other amounts in damages except as expressly set forth in Section 18.3.5.

18.4 Non-Waiver. The waiver by any Party of any default on the part of another Party hereunder or the failure of a Party to declare default on the part of another Party of any of its obligations pursuant to this Agreement shall not be deemed to be a waiver of any subsequent event of default on the part of the defaulting Party of the same or of any other obligation of such defaulting Party under this Agreement. To be effective, any waiver of any default by a Party hereunder must be in writing. A written waiver of any default of an obligation owed to City under this Agreement must come from City's Director of Planning and Economic Development. A written waiver of any default of an obligation owed to DEDA under this Agreement must come from DEDA's Executive Director.

18.5 Remedies Cumulative. The remedies provided under this Agreement shall be deemed to be cumulative and non-exclusive and the election of one remedy shall not be deemed to be the waiver of any other remedy with regard to any occasion of default hereunder.

18.6 Attorneys' Fees. In any action or proceeding to enforce this Agreement or any term hereof the prevailing party shall be entitled to recover its reasonable costs.

Article 19. Termination. Except as expressly provided in this Agreement to the contrary, if this Agreement is terminated pursuant to the terms hereof, the respective rights of the Parties arising out of this Agreement shall immediately cease.

Article 20. Intentionally omitted.

Article 21. Notices. Any notice, consent, waiver, request or other communication required or provided to be given under this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when delivered personally or when mailed by certified or registered mail, return receipt requested, postage prepaid, or when dispatched by nationally recognized overnight delivery service, in any event, addressed to the party's address as follows:

If to DEDA:	Duluth Economic Development Authority Room 400 City Hall 411 West First Street Duluth, MN 55802 Attn: Executive Director
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If to City	City of Duluth Room 400 City Hall 411 West First Street
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Duluth, MN 55802  
Attn: Director of Planning and Economic Development

If to Cirrus: Cirrus Design Corp.  
4515 Taylor Circle  
Duluth, MN 55811  
Attn: Purchasing

with copy to: Cirrus Design Corp.  
4515 Taylor Circle  
Duluth, MN 55811  
Attn: Legal Department

and a copy to: Faegre Drinker Biddle & Reath LLP  
2200 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, MN 55402  
Attn: Allen Wheeler, Esq.

or to such party at such other address as such party, by ten (10) days prior written notice given as herein provided, shall designate, provided that no party may require notice to be sent to more than two (2) addresses. Any notice given in any other manner shall be effective only upon receipt by the addressee.

Article 22. Tax Deferred Exchange. City and DEDA acknowledge that Cirrus may elect to acquire the Improvements and the Personal Property in connection with the completion of a tax-deferred exchange under Section 1031 of the Internal Revenue Code of 1986. City and DEDA hereby agree to take such steps as Cirrus may reasonably require in order to complete such tax-deferred exchange, including accepting payment of all or a portion of the Purchase Price from a third party.

Article 23. Miscellaneous.

23.1 Entire Agreement; Modification. It is understood and agreed that the entire agreement of the Parties regarding Cirrus' purchase of the Improvements and Personal Property is contained herein and that this Agreement supersedes all oral agreements and negotiations between the Parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office. Nothing herein shall be deemed to modify, amend or limit the terms and conditions of the 2002 Sublease Agreement, 2023 Sublease Agreement or Tax Abatement Agreement.

23.2 Survival; No Merger. The terms of this Agreement shall survive and be enforceable after the Closing and shall not be merged therein.

23.3 Governing Law. This Agreement, together with all of its paragraphs, terms and conditions, is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder will be those courts located in St. Louis County. However, litigation in the federal courts involving the Parties shall be in the appropriate federal court within the State of Minnesota.

23.4 Severability. If any term of this Agreement or any application thereof shall be invalid or unenforceable, the remainder of this Agreement and any other application of such term shall not be affected thereby.

23.5 Time of the Essence; Calculation of Time Periods; Expiration. Time is of the essence under this Agreement. In computing any period of time described in this Agreement, if the last day of the designated period is a Saturday, Sunday, or legal holiday, the period shall run until the next day which is not a Saturday, Sunday, or legal holiday.

23.6 Construction. The rule of strict construction shall not apply to this Agreement. This Agreement shall not be interpreted in favor of or against either of the Parties merely because of their respective efforts in preparing it.

23.7 Captions, Gender, Number and Language of Inclusion. The article and section headings in this Agreement are for convenience of reference only and shall not define, limit or prescribe the scope or intent of any term of this Agreement. As used in this Agreement, the singular shall include the plural and vice versa, the masculine, feminine and neuter adjectives shall include one another, and the following words and phrases shall have the following meanings: (i) “including” shall mean “including but not limited to”, (ii) “terms” shall mean “terms, provisions, duties, covenants, conditions, representations, warranties and indemnities”, (iii) “any of the Property” shall mean “the Property or any part thereof or interest therein” and shall include the Land, (iv) “rights” shall mean “rights, duties and obligations”, (v) “liabilities” shall mean “liabilities, obligations, damages, fines, penalties, claims, demands, costs, charges, judgments and expenses, including reasonable attorneys’ fees”, (vi) “incurred by” shall mean “imposed upon or suffered or incurred or paid by or asserted against”, (vii) “applicable law” shall mean “all applicable Federal, state, county, municipal, local or other laws, statutes, codes, ordinances, rules and regulations”, (viii) “about the Property” shall mean “in , on, under or about the Property”, (ix) “operation” shall mean “use, non-use, possession, occupancy, condition, operation, maintenance or management”, and (x) “this transaction” shall mean “the purchase, sale and related transactions contemplated by this Agreement”.

23.8 Binding Effect. This Agreement shall inure to the benefit of and shall bind the respective heirs, executors, administrators, successors and assigns of the Parties.

23.9 Disclaimer of Relationships. Cirrus acknowledges that nothing contained in this Agreement nor any act by City, DEDA or Cirrus shall be deemed or construed by Cirrus or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between City, DEDA, Cirrus and/or any third party.

23.10 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be effective upon delivery and, thereafter, shall be deemed to be an original, and all of which shall be taken as one and the same instrument with the same effect as if each party had signed on the same signature page. This Agreement may be transmitted by fax or by electronic mail in portable document format (“pdf”) and signatures appearing on faxed instruments and/or electronic mail instruments shall be treated as original signatures. At the request of any party, any electronic or facsimile document is to be re-executed in original form by the parties who executed the electronic or facsimile document.

*[Signature page follows]*

SIGNATURE PAGE  
FOR  
DEVELOPMENT AGREEMENT

DEDA has caused this Agreement to be executed and delivered as of the date first above written.

DEDA:

DULUTH ECONOMIC DEVELOPMENT  
AUTHORITY, an economic development authority  
under Minnesota Statutes (1989) Chapter 469

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: President \_\_\_\_\_

By: \_\_\_\_\_  
Its Secretary

SIGNATURE PAGE

FOR  
DEVELOPMENT AGREEMENT

CITY has caused this Agreement to be executed and delivered as of the date first above written.

CITY OF DULUTH, a municipal corporation and  
political subdivision under the laws of the State of  
Minnesota

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

Attest: \_\_\_\_\_  
City Clerk

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

Countersigned: \_\_\_\_\_  
City Auditor

Approved as to form:  
\_\_\_\_\_  
City Attorney

SIGNATURE PAGE  
FOR  
DEVELOPMENT AGREEMENT

Cirrus has caused this Agreement to be executed and delivered as of the date first above written.

CIRRUS:

CIRRUS DESIGN CORPORATION, a Wisconsin  
corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

JOINDER OF TITLE COMPANY

The undersigned hereby agrees to act as Title Company under the foregoing Development Agreement.

FIRST AMERICAN TITLE INSURANCE COMPANY

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

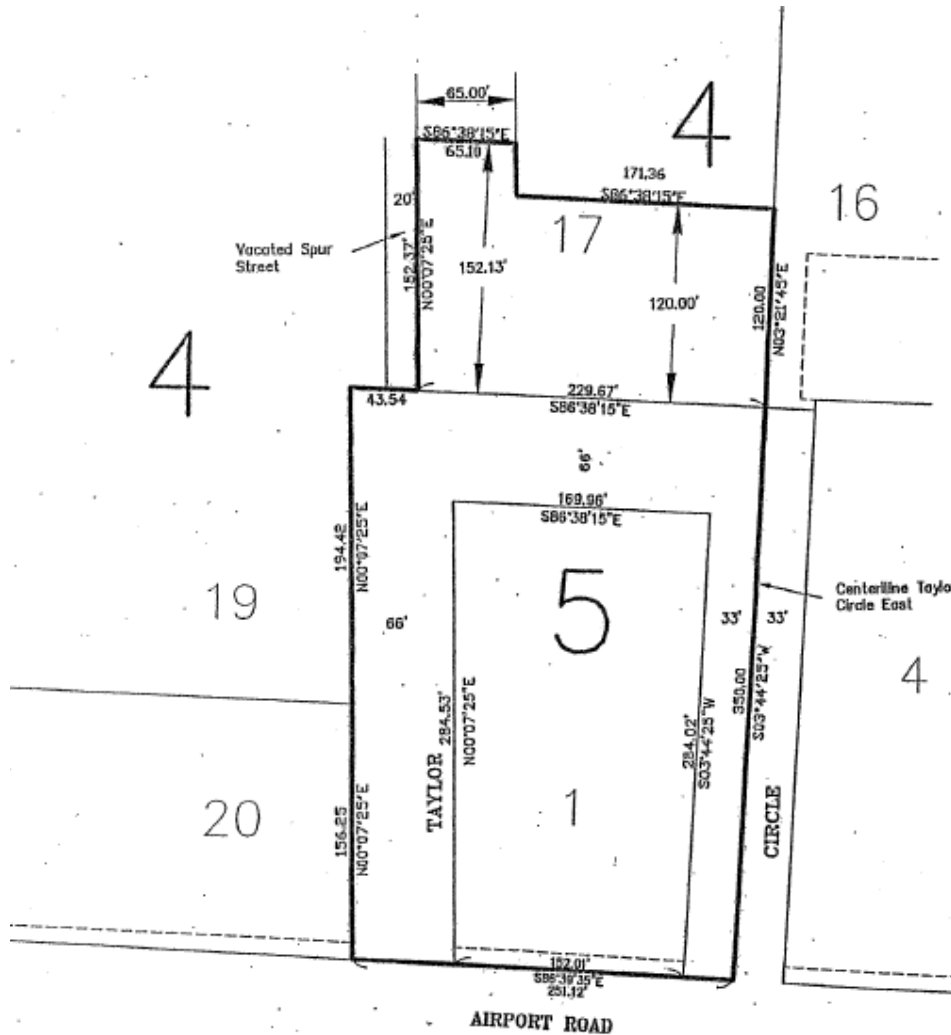
By: \_\_\_\_\_

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

Its: \_\_\_\_\_

# EXHIBIT A

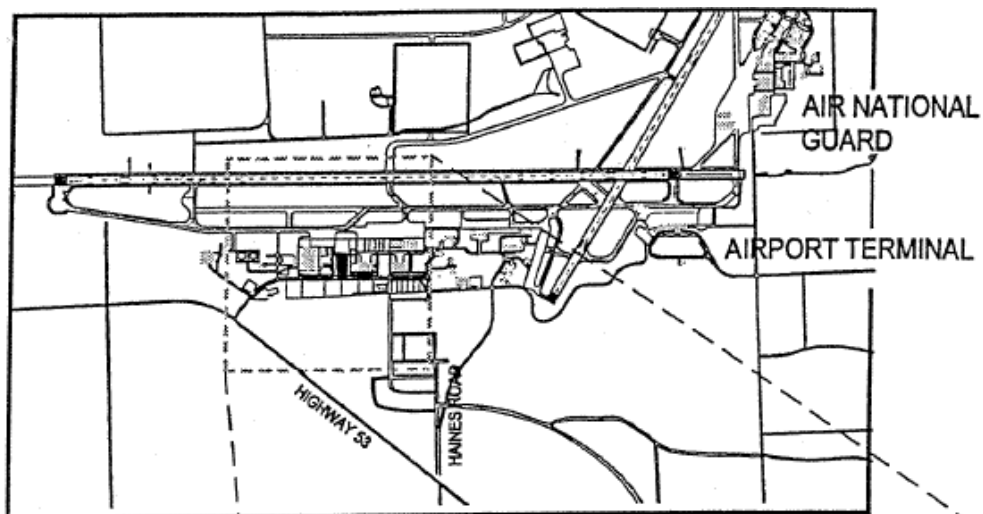
## Legal Description of the Land



### PROJECT PREMISES:

The South 120.00 feet of Lot 17, Block 4, Airport Division and also the South 152.13 feet of the West 65.00 feet of said Lot 17, Block 4, EXCEPT the vacated westerly adjacent spur street; Lot 1, Block 5, Airport Division; and the vacated Taylor Circle, as dedicated in said Airport Division, EXCEPT that part of said Taylor Circle lying easterly of the northerly extended centerline of the easterly portion of said Taylor Circle.

\_\_\_\_\_ Denotes boundary of project premises.



DULUTH INTERNATIONAL AIRPORT

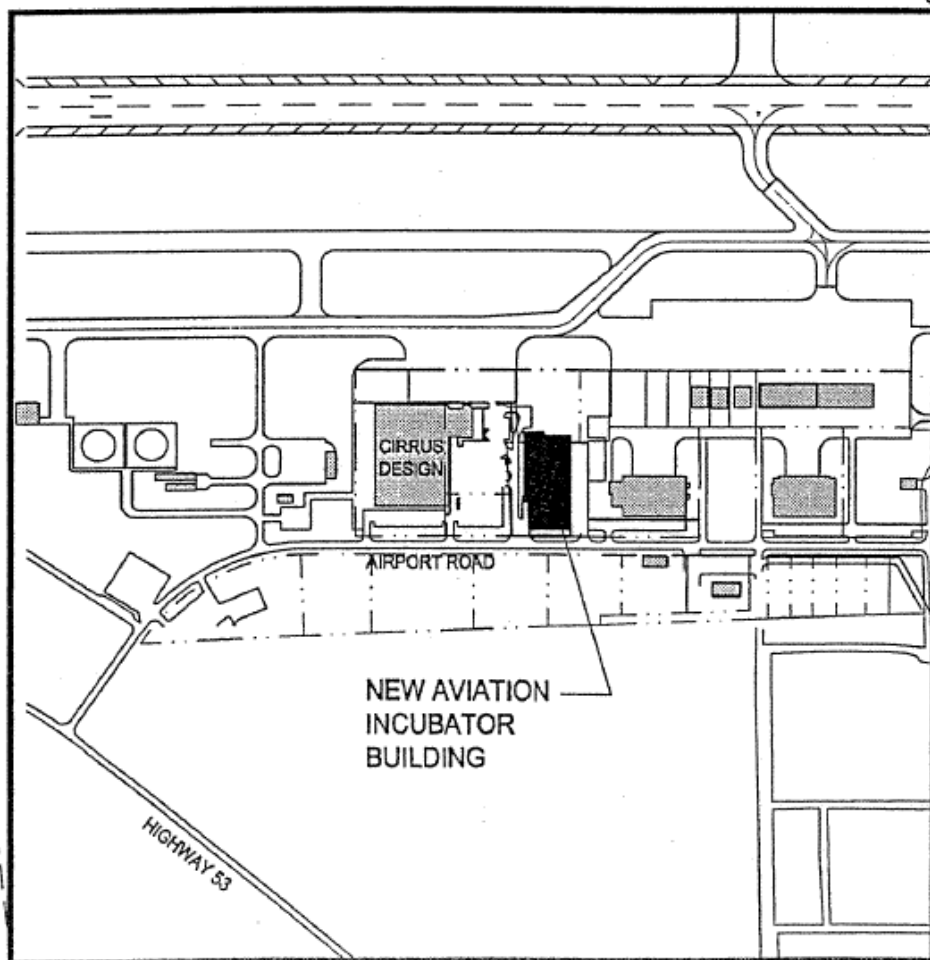




EXHIBIT B  
BILL OF SALE

EXHIBIT C  
2023 SUBLEASE AGREEMENT

**GROUND SUBLEASE  
BETWEEN  
CIRRUS DESIGN  
AND  
THE CITY OF DULUTH**

THIS GROUND SUBLEASE (this "Agreement") is entered into by and between the CITY OF DULUTH, a municipal corporation and political subdivision of the State of Minnesota ("City") and CIRRUS DESIGN CORPORATION, a Wisconsin corporation ("Lessee"). City and Lessee are referred to collectively in this Agreement as the "Parties."

**RECITALS**

WHEREAS, City is the fee owner of the real property legally described on the attached Exhibit A (the "Land"), but through a series of agreements, including but not limited to an Airport Ground Lease and Agreement dated August 12, 1993, recorded in the Office of the St. Louis County Registrar of Titles on August 12, 1993 as Document No. 56884 (as it may have been subsequently amended and assigned, the "Ground Lease"), attached as Exhibit A, and an Assignment of Rights and Ground Lease and Consents dated February 5, 2002, recorded in the Office of the St. Louis County Registrar of Titles on February 23, 2002 as Document No. 71830 (the "Ground Lease Assignment"), City is also the holder of a ground lessee interest in the Land; and

WHEREAS, the Duluth Airport Authority, a governmental authority organized and existing under the laws of the State of Minnesota, 1969, Chapter 577 (the "Authority"), manages the Land pursuant to rights granted to the Authority under the laws of the State of Minnesota, 1969, Chapter 577 and is the landlord under the Ground Lease; and

WHEREAS, the current term of the Ground Lease expires on December 31, 2043, at which time City, as ground lessee, has the option to renew the Ground Lease, as if affects the Land, for an additional 25-year term; and

WHEREAS, in 2001, City constructed a 79,000 square foot building on the Land (the "Incubator Building") using a combination of its own funds, grant funds from the U.S. Economic Development Administration, and significant funding from Lessee; and

WHEREAS, Lessee, as subtenant, and City, as sublandlord, previously entered into an unrecorded Sub-lease Agreement dated October 10, 2002 (the "2002 Sublease") for the Land and the improvements and fixtures thereon, including the Incubator Building (collectively, the "Improvements"), and the 2002 Sublease is currently on a month-to-month term; and

WHEREAS, Lessee has been in possession of the Land and the Improvements since October 10, 2002 pursuant to the 2002 Sublease; and

WHEREAS, on even date herewith, City has conveyed its interest in the Improvements, including the Incubator Building, and any personal property situated on the Land (the "Personal

Property”), to the Duluth Economic Development Authority (“DEDA”), but retained fee ownership of the Land and its ground lessee interest in the Land pursuant to the Ground Lease; and

WHEREAS, on even date herewith, DEDA has conveyed the Improvements and the Personal Property to Lessee, via a Bill of Sale dated \_\_\_\_\_, 2023 and recorded in the Office of the St. Louis County Registrar of Titles on \_\_\_\_\_, 2023 as Document No. \_\_\_\_\_; and

WHEREAS, concurrent to conveyance of the Improvements and the Personal Property to Lessee, the Parties desire to terminate the 2002 Sublease, and enter into this new ground sublease for the Land, so that Lessee may continue to use the Land for aircraft manufacturing purposes; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, City demises and subleases the Land to Lessee, and Lessee hires and takes the Land from City, subject to the Ground Lease and upon the following terms and conditions:

## **ARTICLE I SUBLEASE**

- A. Permitted Use: The Land shall be used for aircraft manufacturing purposes, which includes without limitation, sales, administrative offices, manufacturing equipment and facilities, design and testing facilities, training and legally permitted ancillary, associated or additional uses and activities for successful business operation. As all Improvements and Personal Property are owned by Lessee, this Agreement does not include the sublease of any personal property or improvements located on the Land.
- B. Common Premises: Lessee and its employees, contractors, and customers, shall have access in common with the access granted to members of the general public to all public portions of the Duluth International Airport.
- C. Ground Lease: As it relates to Lessee’s use and operation of the Land, Lessee’s tenancy shall be subject to the terms and conditions of the Ground Lease; provided, that (i) Lessee shall not be required to make any payments of rent or otherwise under the Ground Lease or perform any obligations of the City thereunder that conflict with the terms of this Agreement, and (ii) it is the intent of City and Lessee to incorporate the Ground Lease into this Agreement by reference except as otherwise specifically provided herein. Lessee acknowledges receipt of the Ground Lease.
- D. Recording: This Agreement shall be recorded in the Office of the St. Louis County Registrar of Titles at Lessee’s expense.
- E. Representation. City represents that as of the date of this Agreement, the Ground Lease is in full force and effect and to the best of City’s actual knowledge there is no default by DAA or

City under the Ground Lease. A true, correct and complete copy of the Ground Lease is attached hereto as Exhibit A.

## ARTICLE II

### TERM, SURRENDER OF POSSESSION, AND TERMINATION OF 2002 SUBLEASE

- A. Initial Term: The initial term of this Agreement shall commence on the date of this Agreement and, unless earlier terminated as provided for herein, shall terminate on December 30, 2043 (the “Initial Term”).
- B. Renewal Term: In the event Lessee is not in default under this Agreement past any applicable notice and cure period, Lessee shall have the option to renew the Initial Term for an additional 25-year term (the “Renewal Term”), by delivering written notice to the City of such election not less than 180 days before the expiration of the Initial Term. If City receives such notice, City shall renew the term of the Ground Lease for an additional 25-year term and the Parties shall enter into an addendum to this Agreement solely to evidence that the term of this Agreement has been extended by the Renewal Term, for purposes of recording the Addendum in the Office of the St. Louis County Registrar of Titles. The Renewal Term, if exercised, shall terminate on December 30, 2068. If Lessee fails to timely notify City that it is exercising its option as to the Renewal Term, the term of this Agreement shall terminate on December 30, 2043. In the event City is prohibited from renewing the Ground Lease as a result of Lessee’s default under this Agreement, the term of this Agreement shall terminate December 30, 2043.
- C. Termination of 2002 Sublease: The 2002 Sublease is terminated as of the date of this Agreement.
- D. Surrender of Possession: Upon the expiration or other termination of this Agreement, Lessee's right to use the Land shall cease and Lessee shall promptly and in good condition, surrender the Land to City. In the event Lessee has in any way damaged the Land, or changed the Land in a way not approved by City, Lessee shall, prior to expiration or termination of this Agreement, return the Land to the condition it was in on October 1, 2002. If Lessee fails to return the Land to such condition, City may, at its discretion and at Lessee’s expense, return the Land to the condition it was in on October 1, 2002.
- E. Condition of Improvements: During the period between nine (9) months and six (6) months prior to the expiration or other termination of this Agreement (the “**Inspection Period**”), City shall, after coordinating such entry with Lessee, enter the Land to inspect the condition of the Improvements as set forth herein. Lessee will allow City access to the Improvements for this limited purpose. City will determine in its sole discretion whether the Improvements are in good operating condition and in compliance with all applicable laws, including statutes, regulations, ordinances, and codes. Specifically, City will inspect the following in the Incubator Building and/or any other buildings on the Land, including any building that may have replaced the Incubator Building: windows, walls, floors, doorways, ceilings, roof, building envelope, and building systems, including life safety, fire protection, mechanical,

electrical, heating and ventilation, and elevators, and, if deemed necessary for an accurate assessment, structural condition of said building(s). Lessee shall also provide not less than the last five (5) years of material maintenance, service and capital improvement records and reports for the Improvements. If all inspected areas and systems are functioning substantially as designed or need only minimal repair and, where applicable, have been maintained generally in good order and condition, City will deem that the building(s) are in good operating condition.

F. Removal of Improvements: The Parties acknowledge that none of the improvements on the Land, including the Incubator Building, are a part of the realty. If City determines the Improvements are not in good operating condition and in compliance with all applicable laws pursuant to Article II.E above, Lessee shall, at its discretion, either make all repairs or improvements necessary to bring the Improvements into such condition and in compliance with all applicable laws to City's reasonable satisfaction or remove all improvements and personal property, including the Incubator Building, from the Land prior to the expiration or other termination of this Agreement, provided that the period to complete such removal shall be extended for up to sixty (60) days if such removal cannot reasonably be completed prior to the expiration or termination of this Agreement and Lessee is diligently pursuing such removal to completion. All costs for removal of the Improvements after inspection by City, whether removal is required due to Lessee's inability or election not to bring the Improvements into good operating condition and in compliance with all applicable laws, shall be split evenly between Lessee and City. Lessee shall be responsible for removal of the Improvements and City, within sixty (60) days of receiving an invoice for its share of reasonable removal costs, shall reimburse Lessee.

G. Failure to Timely Remove Improvements: If Lessee fails to timely remove any improvements or personal property from the Land prior to the expiration or termination of this Agreement, they shall be deemed abandoned and City may, at its discretion, remove any part thereof at Lessee's expense. In the event of abandonment, Lessee shall have no further right to possession of the abandoned improvements and personal property. Lessee shall be solely responsible for all reasonable out-of-pocket costs, including employee wages and benefits (based on time spent in connection with the Land), incurred by City as a result of City's actions to restore the Land and/or remove any improvements or personal property from the Land pursuant to this Paragraph G. All amounts due City pursuant to this Paragraph G shall be due and payable promptly upon being billed by City to Lessee. This Paragraph G shall survive termination or expiration of this Agreement.

H. Exceptions: Lessee shall not be responsible for the restoration and removal requirements set forth in Paragraphs F and G above, under either of the following conditions:

1. Other Interest in the Land Acquired: Lessee has acquired a leasehold, fee ownership, or another possessory interest in the Land that allows it to continue to possess the Land and maintain its improvements and personal property on the Land after the termination or expiration of this Agreement.

2. Approved Sale or Rental: Lessee has (i) sold or entered into a lease or similar agreement with a third party for possession of the improvements and personal property located on the Land, (ii) such agreement has been formally approved by the Duluth City Council, to the extent necessary, and (iii) the third party to such agreement has or will acquire fee ownership, a leasehold interest, or another possessory interest in the Land that allows it to continue to possess the Land and maintain its improvements and personal property on the Land after the termination or expiration of this Agreement.

Nothing in this Article II shall excuse Lessee from any applicable environmental remediation requirements or responsibilities relating to the Land pursuant to the terms of this Agreement.

### **ARTICLE III LIMITATION ON NEW CONSTRUCTION**

Lessee shall not construct or cause to be constructed any additional improvements or buildings upon the Land without the express written approval of City's Director of Planning and Economic Development, subject to the approval of the Duluth Airport Authority. Unless otherwise agreed as evidenced by a fully executed agreement and approved by \_\_\_\_\_, any such new construction shall be owned by \_\_\_\_\_ (Same ownership as Article II). Nothing herein shall be deemed to limit Lessee's right, without obtaining any prior approvals, to complete alterations, improvements or replacements, including installation of trade fixtures and equipment, to the Improvements from time to time.

### **ARTICLE IV RENT PAYMENTS**

- A. Rent: Lessee shall pay rent to the City as a condition of Lessee's use or occupancy of the Land (the "Rent"). Rent shall always be equal to the ground rent due to the Duluth Airport Authority under the Ground Lease, Exhibit A.
- B. Annual Administrative Fee: Each year during the Initial Term and, if applicable, the Renewal Term, Lessee shall pay an annual administrative fee on July 1<sup>st</sup>, beginning July 1<sup>st</sup>, 2023. The annual administrative fee will be \$500 in calendar year 2023 and will be adjusted in accordance with the increase or decrease of the Consumer Price Index annually; however, such annual increase shall not exceed three percent (3%).
- C. Additional Payments and Obligations:
  1. Janitorial Services: In the event Lessee fails to keep the Land in a neat, clean, orderly, and sanitary condition as is required by this Agreement, and such condition continues past any applicable notice and cure period herein, City may itself clean or cause to be cleaned those portions of the Land not so kept, and Lessee shall reimburse City for the reasonable out-of-pocket costs incurred by City, including employee wages and benefits (based on time actually spent in completing such cure), for the performance of said work immediately on being billed therefore by City.

2. Refuse and Garbage: Lessee shall properly dispose of all refuse and garbage generated by its operations on the Land. Lessee shall comply with all statutes, rules, and regulations of federal, state, and local government units governing the disposition of hazardous substances or materials whether now existing or hereinafter enacted. Tenant shall not cause any hazardous substances or hazardous materials to be used, stored, generated, or disposed of on the Land, except in such amounts as are customary for operating an aircraft manufacturing facility, and then only in compliance with all statutes, rules or regulations of federal, state, or local government units. Lessee shall not be responsible for any hazardous materials or substances or the remediation thereof unless such hazardous materials or substances are brought onto the Land by Lessee, its employees, contractor, licensees, invitees, or customers.
  3. Utilities: Lessee shall provide such heat, electricity, and other utilities as are reasonable and necessary for Lessee's operations upon the Land at no cost to City.
- D. Licenses, Fees, and Taxes: Lessee shall pay all licenses, fees, taxes, and assessments of any kind whatsoever which arise because of, out of, or in connection with the Land or Lessee's operations thereon during the term of this Agreement, including but not limited to property taxes. Should Lessee fail to pay such amounts, it is expressly agreed that City may pay the same on behalf of Lessee and immediately collect the same from Lessee. Failure to pay taxes, assessments, or fees when due and payable is also an act of default, unless said obligations are part of a statutorily authorized appeal or challenge.
- E. Time and Manner of Payment of Rent and other Payments:
1. Rent: Rent shall be due and payable, in advance, on the first day of each month of the Initial Term, and, if renewed, of the Renewal Term.
  2. Reimbursements: All payments of money to City required by this Agreement, other than Rent, shall be due and payable promptly upon being billed by City to Lessee.

## **ARTICLE V PREMISES AND MAINTAINANCE**

- A. Maintenance of the Land and Signs:
1. Maintenance: Lessee shall maintain the Land in a clean, neat, and orderly condition and in compliance with all applicable laws.
  2. Signs: All signs on the Land shall conform to Duluth City Code, Chapter 50, as it may be amended or replaced from time to time, and are subject to approval by the Duluth Airport Authority.
- B. City's Fire Insurance: Lessee covenants that it will not do or permit to be done any act on the Land that:



1. Will invalidate or be in conflict with any fire insurance policies covering the Duluth Airport Authority or the Duluth International Airport or any part thereof or upon the contents of any building thereof; or
2. Will increase the rate of any fire insurance on the Duluth International Airport or upon the contents of any building thereof; or
3. In the opinion of City, will constitute a hazardous condition so as to increase the risks normally attendant upon the operations contemplated by this Agreement.

If, by any reason of Lessee's failing to comply with the provisions of this section, any fire insurance rate on the Duluth International Airport or any part thereof, or upon the contents of any building thereof, at any time, be higher than it otherwise would be, then Lessee shall, upon demand, reimburse City and Duluth Airport Authority for that part of all fire insurance premiums paid or payable by City or Duluth Airport Authority which shall have been charged because of such violation by Lessee.

## **ARTICLE VI INDEMNIFICATION**

- A. Indemnity: Lessee agrees to defend, indemnify, and hold harmless City, DEDA and Duluth Airport Authority from and against any and all claims, demands, suits, judgments, costs, and expenses, including subrogation claims and any claims asserted by an insurer or indemnitor, asserted by any person or persons, including agents or employees of City, DEDA, Duluth Airport Authority, or Lessee, by reason of the death of or injury to any persons or the loss of or damage to property, or any other claim for damages, arising from Lessee's use of, occupancy, or operations upon the Land.
- B. Environmental Indemnity: Lessee agrees to defend, indemnify, and hold harmless City, DEDA, and Duluth Airport Authority for any condition existing on any of the Land, whether pre-existing or after created, which constitutes a violation of any federal, state or local environmental laws, rules or regulations with regard to pollutants or hazardous or dangerous substances or arising out of the presence on the Land of any element, compound, pollutant, contaminant or toxic or hazardous substance, material or waste, or any mixture thereof, which otherwise causes injury or death to person(s) or damage to property, but only to the extent such condition was caused by Lessee's use of the Land or Lessee's generation of such substances in its operations on the Land or its occupancy of the Land. Lessee's indemnification shall include all the costs of clean up; remediation; costs incurred in proceedings before a court of law or an administrative agency including reasonable attorney's fees, expenses, and the fees and expenses of persons providing technical expertise addressing such problems, including expert witnesses; the cost of preparing and securing approval of Response Action Plans as may be necessary to meet the requirements of the aforesaid agencies and any other costs and expenses of any kind whatsoever arising out of conditions existing on the Land. Provided, however, that the indemnity provided by Lessee

to City, DEDA and Duluth Airport Authority pursuant to this paragraph is intended to run only to the benefit of City, DEDA and Duluth Airport Authority and is not intended to, nor shall it, inure to the benefit of any other third party.

- C. Indemnification Procedure: Promptly after receipt by City, DEDA, and/or Duluth Airport Authority of notice of the commencement of any action with respect to which Lessee is required to indemnify City, DEDA, and/or Duluth Airport Authority under this Agreement, City, DEDA, and/or Duluth Airport Authority, as applicable, shall notify Lessee in writing of the commencement of the action, and, subject to the provisions as hereinafter stated, Lessee shall assume the defense of the action, including the employment of counsel reasonably satisfactory to City, DEDA, and/or Duluth Airport Authority, as applicable, and the payment of expenses. In so far as such action shall relate to any alleged liability of City, DEDA, and/or Duluth Airport Authority with respect to which indemnity may be sought against Lessee, City, DEDA, and/or Duluth Airport Authority, as applicable, shall have the right to employ separate counsel and to participate in the defense thereof, and the fees and expenses of such separate counsel shall be at the expense of Lessee. This Article V shall survive termination of this Agreement.

## **ARTICLE VII INSURANCE**

During the Initial Term and, if applicable, the Renewal Term, Lessee will maintain insurance that will protect Lessee, the Duluth Airport Authority, and City against risk of loss or damage to the Land, the Improvements, and the Personal Property and against claims which may arise or result from the maintenance and use of the Land, the Improvements, and the Personal Property. During the Initial Term and if applicable, the Renewal Term, Cirrus shall maintain at minimum the following coverages. City reserves the right to make and Lessee agrees to reasonable revisions upward or downward in the minimum insurance requirements set forth herein:

- A. Property Insurance: At a minimum, Lessee will maintain property insurance for the Improvements including fire and all-risk coverage, for an aggregate amount sufficient to cover site cleanup in the event the Improvements are damaged or destroyed and Lessee does not repair and Lessee does not repair, rebuild, or restore the Improvements. The Duluth Airport Authority shall be named as a loss payee under the property insurance policy for the limited purpose of site cleanup.
- B. Liability Insurance: Lessee will maintain a Commercial General policy, naming City and Duluth Airport Authority as additional insureds, with limits of not less than five million dollars (\$5,000,000) covering:
1. General liability including premises and operations coverage;
  2. Independent contractors-protective contingent liability;
  3. Personal injury;

4. Owned, non-owned and hired vehicles;
  5. Contractual liability covering the indemnity obligations set forth herein;
  6. Inventory—completed operations.
- C. Workers' Compensation: Worker's Compensation in statutory amounts with "all states' endorsement unless qualified as a self-insurer under Minnesota Law, and evidence of such qualification is furnished to City.
- D. Insurance Requirements: All insurance required under this Article shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in Minnesota. Lessee will provide City Certificates of Insurance with thirty (30) day notice of cancellation. Additionally, Lessee shall notify City at least thirty (30) days prior to any change in the policy or coverages that would reduce the coverage amounts below those specified above or cause Lessee to fail to meet its insurance obligations herein.

## **ARTICLE VIII ASSIGNMENT**

- A. Unauthorized Transfer Prohibited: Lessee shall not assign, transfer, sublease or subcontract this Agreement, or any rights, privileges, or duties conferred thereby without (i) the written approval of City's Director of Planning and Economic Development, and (ii) requiring that the insurance requirements of this Agreement are met by the third party receiving such interest. Such third party must agree to be subject to all of the terms and conditions of this Agreement and shall be subject thereto, and Lessee shall remain as a guarantor of the performance of the transferee, sublessee, or assignee of this Agreement.
- B. No Authorization Required: Notwithstanding the foregoing, Lessee shall have the right to assign this agreement, sublet the Land or otherwise transfer Lessee's interest under this agreement to: (i) any parent, affiliate or subsidiary entity of Lessee, (ii) any entity resulting from a merger, spin off or split up involving Lessee or its parent entity, if any, and (iii) any person or entity acquiring substantially all of Lessee's assets or stock. Any such transfer shall not be subject to the foregoing provisions of this Article VIII, be prohibited or require City's consent (including the Director of Planning and Economic Development); provided that no such transfer hereunder shall release Lessee from its underlying obligations under this agreement.
- C. City's Right to Assign: City may assign, transfer, sublease or subcontract this agreement or any rights, privileges, or duties conferred thereby to its authorities upon sixty (60) days written notice to Lessee.

## **ARTICLE IX**

## **SUBORDINATION**

This Agreement shall be subordinate to the Ground Lease, and to the provisions of any existing or future agreement between City or Duluth Airport Authority and the United States of America or the State of Minnesota relative to the operation or maintenance of the Duluth International Airport, execution of which has been or may be required as a written precedent to the expenditure of Federal or State funds for national security or defense, or the development or maintenance of the Duluth International Airport; provided, however, that no future agreements may conflict with the express terms and conditions of this Agreement or the Ground Lease.

## **ARTICLE X ATTORNEY'S FEES AND COSTS**

In the event City shall prevail in any action or suit or proceeding brought by City to collect rents due or to become due hereunder, or any portion thereof, or any other payments due under this Agreement, or to take possession of the Land, or to enforce compliance with this Agreement, or for the failure to observe any of the covenants of this Agreement, Lessee shall pay City such sums as the court may adjudge reasonable as attorneys' fees and costs to be allowed in such action, suit, or proceeding.

## **ARTICLE XI LAWS, RULES, AND REGULATIONS**

Lessee shall observe and comply with all laws, ordinances, rules, regulations, and orders of the United States of America, State of Minnesota, City of Duluth, and their respective agencies that are applicable to its business at the Duluth International Airport, including, but not limited to, all environmental laws and regulations, and shall observe and comply with all reasonable Duluth Airport Authority rules and regulations in existence at the execution of this Agreement and which may, from time to time, be promulgated by the Duluth Airport Authority governing conduct on and operations at the Duluth International Airport and the use of its facilities. Further, Lessee shall fulfill its responsibilities pursuant to the Airport Security Program approved by the Federal Aviation Administration and any amendments thereto.

## **ARTICLE XII CIVIL RIGHTS ASSURANCES**

Lessee for itself, its agents, successors and assigns does covenant and agree that:

- A. No person on the grounds of race, color, creed, religion, national origin, ancestry, age, sex, marital status, status with respect to public assistance, sexual orientation, and/or disability shall be excluded from any participation in, denied any benefits of, or otherwise subjected to discrimination in connection with Lessee's use of or operations upon the Land.

- B. Lessee shall use the Land in compliance with all of the requirements imposed by or pursuant to the Non-discrimination in Federally-assisted Programs of the Department of Transportation - Effectuation Title VI of the Civil Rights Act of 1964, 49 C.F.R. § 21 (1970) and General Terms and Conditions for Investment Assistance, Civil Rights 13 C.F.R. § 302.20 (2016), as said regulations may be amended.

### **ARTICLE XIII DEFAULT AND TERMINATION**

- A. General: Any one of the following events shall constitute an event of default by Lessee:

1. Insolvency: Lessee shall become insolvent, or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement for its reorganization or the adjustment of its indebtedness upon the Federal bankruptcy laws, or any other law or statute of the United States or of any other state thereof, or shall consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property; or
2. Involuntary Bankruptcy: A petition under any part of the Federal bankruptcy laws or any action under any present or future insolvency law or statute, shall be filed against Lessee and shall not be dismissed within thirty (30) days after the filing date thereof; or
3. Transfer of Interest: Except as otherwise permitted in Article VIII B, if any interest of Lessee under this Agreement shall, without the approval of City under the conditions established under Article VIII A, be transferred or passed to or devolve upon, by operation of law, stock transfer (transfer or series of transfers of an amount or amounts totaling fifty percent (50%) or more of Lessee's outstanding floating stock to any one party or groups of parties acting in consort shall be deemed to be a transfer of Lessee's interest hereunder), assignment, sublease or otherwise, any other person, firm or corporation; or
4. Trustee in Possession: By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer, a receiver, trustee, or liquidator shall take possession of all or substantially all of the property of Lessee, and such possession or control shall continue in effect for a period of fifteen (15) days; or
5. Voluntary Abandonment: Lessee shall voluntarily abandon, desert, or vacate the Land and/or improvements thereon, including Lessee's building(s), or after exhausting or abandoning any right of further appeal, Lessee shall be prevented for a period of ninety (90) days by action of any governmental agency from using the Land and/or any improvements thereon, including Lessee's building(s), regardless of the fault of Lessee; or

6. Filing of Lien: Any lien shall be filed against the Land because of an action or omission of Lessee and shall not be discharged or contested by Lessee in good faith by proper legal proceedings within twenty (20) days after receipt of notice thereof by Lessee; or
  7. Failure to Pay Rent: Lessee shall fail to pay Rent, or any other payment of money due under this Agreement, and such default shall continue for a period of five (5) business days after written notice by City to Lessee; or
  8. Failure to Observe Sublease or Ground Lease Terms: Lessee shall fail to perform any of its other obligations as set forth in this Agreement or shall cause City to be in default under the Ground Lease, and such failure shall continue for a period of thirty (30) days after written notice by City to Lessee of such default; provided that if such default cannot be cured with such thirty (30) day period, then such cure period shall be extended if Lessee commences to cure promptly upon receipt of notice of such breach or default and to complete such cure within the period that the Executive Director, in his/her sole discretion, has granted to Lessee in writing, for the purpose of curing the breach.
  9. Violation of Restrictive Covenant: Lessee shall violate the restrictive covenant encumbering the Land, running in favor of \_\_\_\_\_ and restricting the use of the Property pursuant to 13 C.F.R. § 314.10(e), as registered in the Office of the St. Louis County Registrar of Titles on \_\_\_\_\_, 2023 and Document No. \_\_\_\_\_. Such violation shall only be a basis for termination of this Agreement if it is not cured within thirty (30) days after City's notice to Lessee of the violation. All other remedies in section B below shall be immediately available to City.
- B. City's Remedies: Except where otherwise stated, City shall have the following remedies in the event of Lessee's default:
1. Terminate this Agreement.
  2. Withhold the performance of any obligation owed under this Agreement.
  3. Seek and be entitled to direct monetary damages for any damages incurred as a result of a default, inclusive of financial obligations incurred or imposed as the result of a violation of the restrictive covenant encumbering the Land; it being agreed that Lessee shall not be liable for any consequential, indirect or special damages under this Lease.
  4. Seek and be entitled to injunctive or declaratory relief as is necessary to prevent violation of the terms and conditions of this Agreement or to compel Lessee's performance of its obligations hereunder.
  5. Immediately enter upon the Land by summary proceeding and dispossess Lessee, and any other occupants, and re-lease the Land or any part thereof, and recover from Lessee

on a monthly basis the difference between the rent paid by the replacement tenant and the rent payable by Lessee under this Agreement, if any.

6. Seek such other legal or equitable relief as a court of competent jurisdiction may determine is available.
- C. Nonwaiver: The waiver by City of any default on the part of Lessee or the failure of City to declare default on the part of Lessee of any of its obligations pursuant to this Agreement shall not be deemed to be a waiver of any subsequent event of default on the part of Lessee of the same or of any other obligation of Lessee under this Agreement. To be effective, any waiver of any default by Lessee hereunder must be in writing from City's Director of Planning and Economic Development.
- D. Remedies Cumulative: The remedies provided above shall not be exclusive but shall be cumulative upon all other remedies, legal or equitable in nature. All rights and remedies of City may be exercised and enforced concurrently and whenever and as often as the occasion therefore arises. City shall be deemed not to have terminated this Agreement in the absence of service of written notice upon Lessee.

#### **ARTICLE XIV AMENDMENT OR MODIFICATION**

This Agreement may be amended or modified only by a written agreement between the Parties that has been approved by resolution of the Duluth City Council.

#### **ARTICLE XV NOTICES**

Unless otherwise expressly provided herein, any notice or other communication required or given shall be in writing and shall be effective for any purpose if served, with delivery or postage costs prepaid, by nationally recognized commercial overnight delivery service or by registered or certified mail, return receipt requested, to the following addresses, or such other addresses as may be provided in writing by the Parties from time to time:

<b>City:</b>	City of Duluth 411 W First Street City Hall Room 401 Duluth MN 55802 Attn: Director of Property, Parks, and Libraries
--------------	---

<b>Lessee:</b>	Cirrus Design Corp. 4515 Taylor Circle Duluth, MN 55811 Attn: Legal Department
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**ARTICLE XVI  
GOVERNING LAW**

This Agreement, together with all of its paragraphs, terms and conditions, is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder will be those courts located in St. Louis County. However, litigation in the federal courts involving the Parties shall be in the appropriate federal court within the State of Minnesota.

**ARTICLE XVII  
ENTIRE AGREEMENT**

It is understood and agreed that the entire agreement of the Parties including all exhibits is contained herein and that this Agreement supersedes all oral agreements and negotiations between the Parties relating to the subject matter hereof.

**ARTICLE XVIII  
SEVERABILITY**

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the Parties to this Agreement.

**ARTICLE XIX  
COUNTERPARTS**

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, but all of which together shall constitute but one and the same instrument. Signatures to this Agreement transmitted by facsimile, by electronic mail in “portable document format” (“pdf”), or by any other electronic means which preserves the original graphic and pictorial appearance of the Agreement, shall have the same effect as physical delivery of the paper document bearing the original signature.

**ARTICLE XX  
RUNS WITH THE LAND**

This Agreement shall run with the land and shall inure to the benefit of the Parties hereto and their successors and assigns.



IN WITNESS WHEREOF, the Parties have hereunto set their hands the day and date first shown below.

CITY OF DULUTH

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

By: \_\_\_\_\_ City Clerk

STATE OF MINNESOTA    )  
  ) SS  
COUNTY OF ST. LOUIS    )

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_, by Emily Larson, Mayor of the City of Duluth, a municipal corporation and political subdivision organized and existing under the laws of the State of Minnesota.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA    )  
  ) SS  
COUNTY OF ST. LOUIS    )

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_, by Chelsea Helmer, City Clerk of the City of Duluth, a municipal corporation and political subdivision organized and existing under the laws of the State of Minnesota.

\_\_\_\_\_  
Notary Public

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Its President

By: \_\_\_\_\_  
Its Secretary

STATE OF MINNESOTA    )  
  )ss.  
COUNTY OF ST. LOUIS    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_, the President of the Duluth Economic Development Authority, a public body, corporate and politic and political subdivision under Minnesota Statutes Chapter 469.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA    )  
  )ss.  
COUNTY OF ST. LOUIS    )

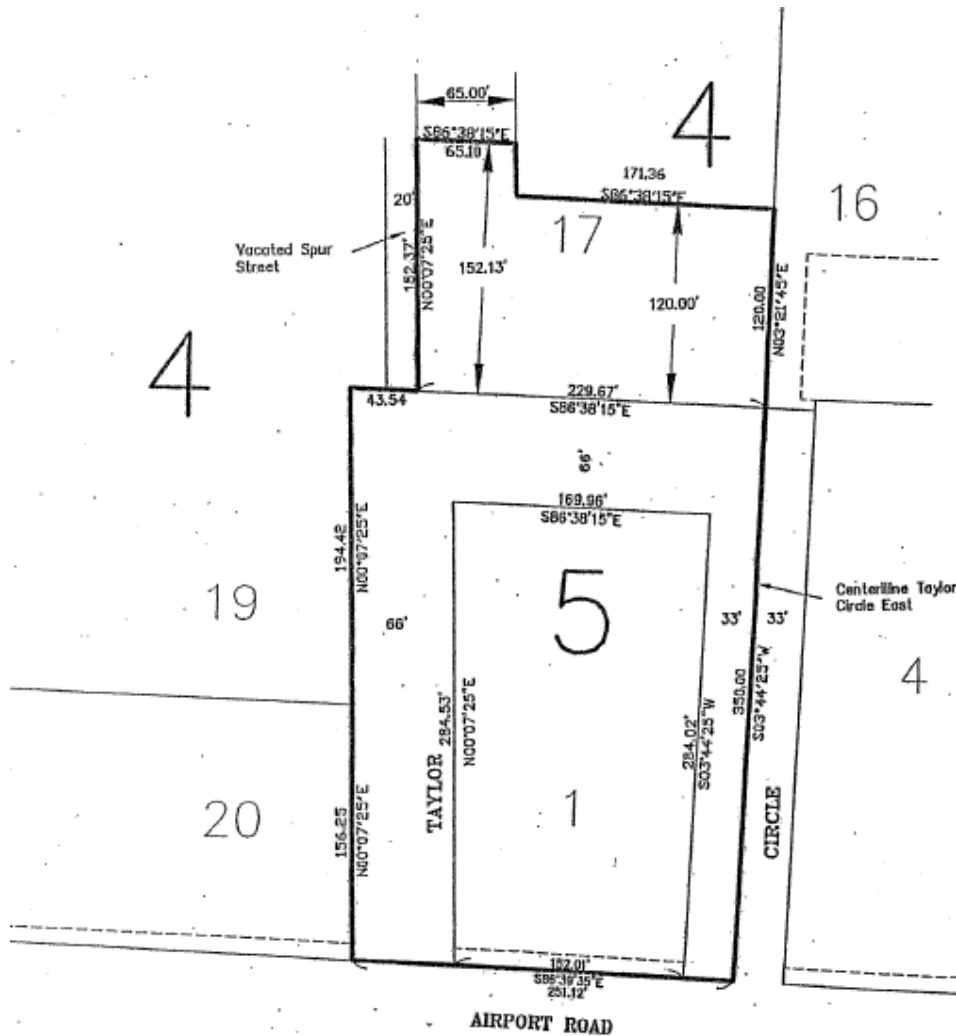
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_ the Secretary of the Duluth Economic Development Authority, a public body, corporate and politic and political subdivision under Minnesota Statutes Chapter 469.

\_\_\_\_\_  
Notary Public

This instrument was drafted by:  
Office of the City Attorney  
Room 410 City Hall  
411 West 1st Street  
Duluth, MN 55802-1198

# EXHIBIT A

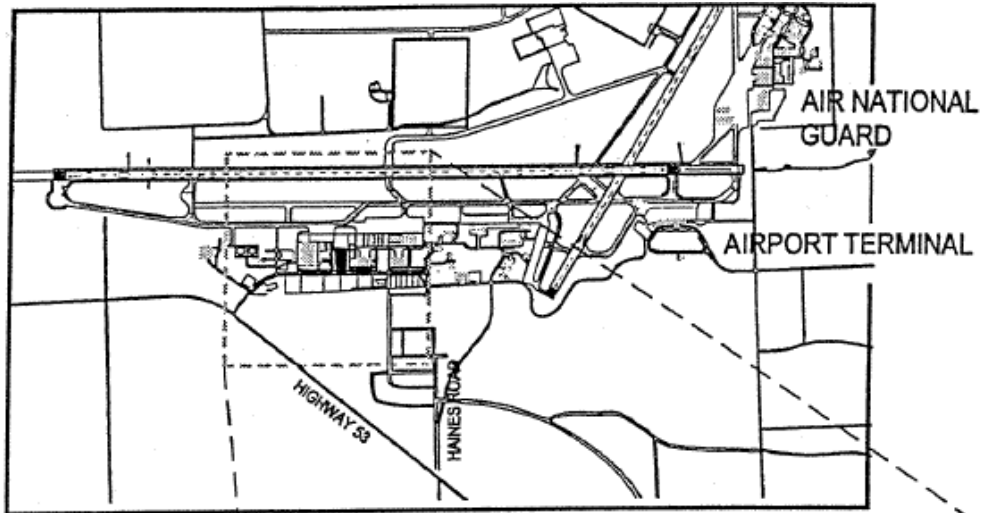
## Legal Description of the Land



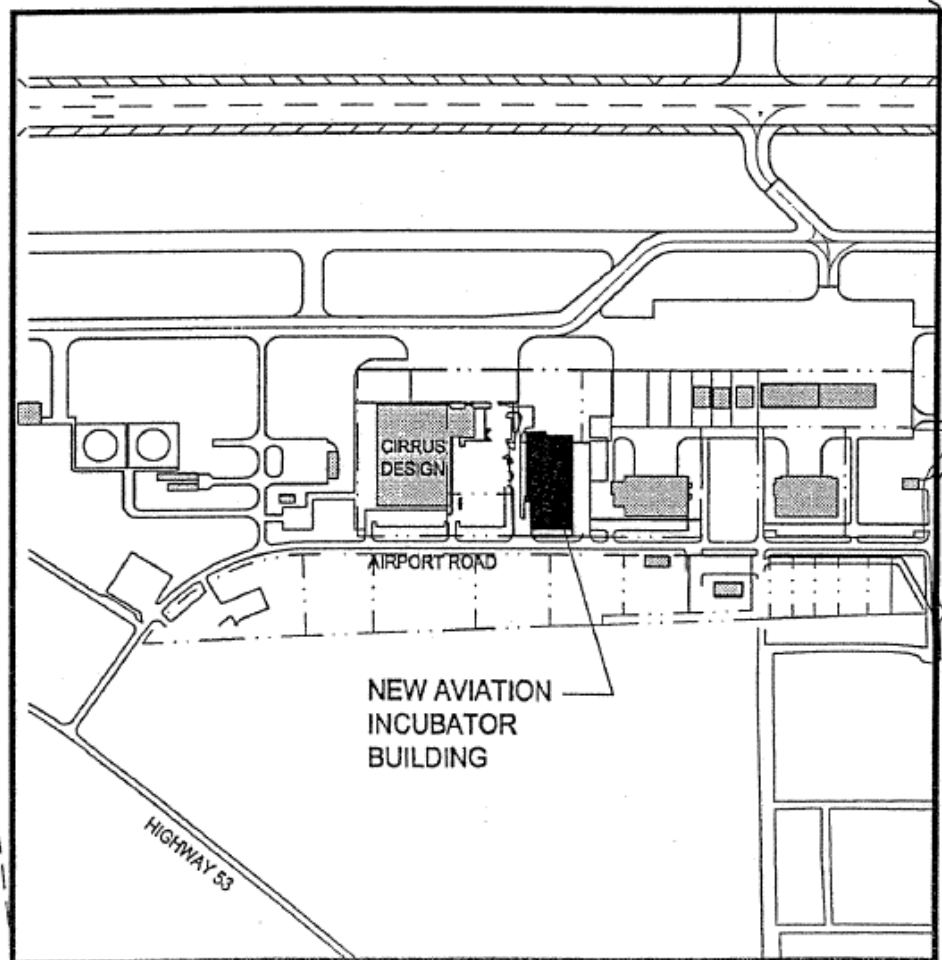
### PROJECT PREMISES:

The South 120.00 feet of Lot 17, Block 4, Airport Division and also the South 152.13 feet of the West 65.00 feet of said Lot 17, Block 4, EXCEPT the vacated westerly adjacent spur street; Lot 1, Block 5, Airport Division; and the vacated Taylor Circle, as dedicated in said Airport Division, EXCEPT that part of said Taylor Circle lying easterly of the northerly extended centerline of the easterly portion of said Taylor Circle.

————— Denotes boundary of project premises.



DULUTH INTERNATIONAL AIRPORT



**DULUTH AIRPORT AUTHORITY**  
**AIRPORT GROUND LEASE AND AGREEMENT**  
**DULUTH ECONOMIC DEVELOPMENT AUTHORITY**

**AUGUST, 1993**

THIS Document DRAFTED BY:  
JEFFREY L. HESSON  
HESSON & ASSOC.  
NEENAH, WI

# TABLE OF CONTENTS

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	<u>PAGE NUMBER</u>
Article 1. - Definitions	1
Article 2. - Lease	3
Article 3. - Plans and Construction	5
Article 4. - Term	6
Article 5. - Payments	7
Article 6. - Future Construction and Leasehold Improvements	10
Article 7. - Provision Against Liens	11
Article 8. - Maintenance of Premises	12
Article 9. - Quiet Enjoyment/Power of Attorney for Site Work	12
Article 10. - Indemnification and Insurance By Lessee	12
Article 11. - Environmental Indemnification	16
Article 12. - Default and Termination	17
Article 13. - Attorney's Fees and Costs	19
Article 14. - Surrender of Possession - Rights to Property	20
Article 15. - Laws, Rules and Regulations	20
Article 16. - Civil Rights Assurances	21
Article 17. - Subordination - Government Commitments	21
Article 18. - Amendment or Modification	22
Article 19. - Force Majeure	22
Article 20. - Notices	22
Article 21. - Applicable Law	23
Article 22. - Drugs and Alcohol	23
Article 23. - Duty to be Reasonable	23

**DULUTH AIRPORT AUTHORITY****AIRPORT GROUND LEASE AND AGREEMENT****DULUTH ECONOMIC DEVELOPMENT AUTHORITY**

THIS GROUND LEASE AND AGREEMENT is entered into this 7<sup>th</sup> day of August, 1993. The Parties to this Agreement are the DULUTH AIRPORT AUTHORITY, a governmental authority organized and existing under the laws of the State of Minnesota, 1969, Chapter 577 (hereinafter referred to as "Authority"), and DULUTH ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic, existing under the laws of the State of Minnesota (hereinafter referred to as "Lessee").

**ACKNOWLEDGEMENTS**

WHEREAS, Authority is the operator and leasing agent for properties located at Duluth International Airport in Duluth, Minnesota; and

WHEREAS, Lessee is desirous of leasing a portion of said property for the purpose of releasing and development; and

WHEREAS, Authority is desirous of leasing property to Lessee for that purpose.

NOW THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, the parties hereto agree as follows:

**ARTICLE 1.****DEFINITIONS**

- A. **Agreement:** shall mean this Agreement, as originally executed or as it may from time to time be modified, amended or supplemented pursuant to the provisions hereof.
- B. **Airport:** shall mean the Duluth International Airport located in and adjacent to the City of Duluth, County of St. Louis, State of Minnesota.

- C. Consent or Approval of Authority and of Executive Director: Where this Agreement shall call for the consent or approval of Authority, the same shall be in the form of a resolution approved by Authority as provided for by law; where the consent or approval of the Executive Director is required, the same shall be evidenced by a written document signed by him or by a person designated by him to sign such document unless the Agreement otherwise specifically provides.
- D. C.P.I.: shall mean the annual Consumer Price Index as produced by the Department of Commerce of the Government of the United States of America. In the event that the foregoing index shall no longer be produced, the term, "C.P.I.", shall be that index determined by Authority to most accurately reflect the changes in economic values represented by the C.P.I. at the time of the signing of this Agreement; in said event Authority shall notify Lessee of the index to be used under the terms of this Agreement. (Alternate - see Attachment 1).
- E. Leased Premises: shall mean that property located at the Airport in the City of Duluth, County of St. Louis, State of Minnesota, described as Lots 18 and 19, Block 4 Airport Division, according to the recorded plat thereof and as is identified in Exhibit A attached hereto and made a part hereof.
- F. Leasehold Improvements: shall mean any improvements constructed by Lessee or any of its sub-Lessees, and the other improvements constructed, purchased or installed on the Leased Premises, including such items as buildings, structures, decorations, partitions, wiring, lighting and plumbing fixtures, piping, finished ceilings, ventilation duct work, grills, floor and wall coverings, heaters, cabinets, lockers, sinks, counters, chairs and other furniture, and signs.
- G. Expansion Premises: shall mean that property located at the Airport in the City of Duluth, County of St. Louis, State of Minnesota, described as Lots 17 and 21 Block 4 and Lot 1, Block 5 Airport Division, according to the recorded plat thereof together with that land extending westerly from Lot 21, Block 4 approximately Three Hundred



Twenty-Five (325) feet to the Airport access road and as is identified in Exhibit B attached hereto and made a part hereof.

- H. **Permitted Encumbrances:** shall mean this Agreement or the lease with Industrial Resources Corporation and its subtenants and any mortgage or mortgages and contract or contracts, deed of trust, or other proper instrument, made in connection with the construction or operation of facilities on the Leased Premises by Lessee or its sub-Lessees, or, any other encumbrances expressly permitted in writing by Authority which approval shall not be unreasonably withheld.

## ARTICLE 2.

### LEASE

A. **Effective Date:**

This Agreement is effective and enforceable upon full and complete execution by all Parties hereto.

B. **Leased Premises:**

Authority does hereby agree to lease and demise to Lessee, and Lessee agrees to take and lease from Authority, the Leased Premises upon the terms and conditions set forth in this Agreement.

C. **Permitted Use:**

The Leased Premises shall be used only for the those purposes permitted under existing Airport Master Plan, local zoning and Fixed Base Operator Rules as approved by the Authority and as may be reasonably amended; the Authority herewith recognizes that the Lessee and any of its sub-Lessees, as an initial use, will construct a facility which shall be used for designing, manufacturing and fabricating aircraft for sale to the general public, and for selling the same, and providing training and warranty-related service for the same, including all ancillary, associated or necessary additional uses and activities for successful business operation, during the term of this Agreement.

**D. Expansion Premises:**

The Authority agrees to exercise all deliberate speed and good faith to clean all soils (provided the funds are supplied by Lessees or others) on Lot 20, Block 4 within twelve (12) calendar months; and if and when said parcel is environmentally clean without encumbrances, said parcel will be added to and become part of the Expansion Premises. In consideration of Lessee advancing to or expending, on behalf of the Authority, public street and public utility improvements, the Authority does hereby agree that, if Lessee is in compliance with this Agreement, then, during the first five (5) year term of this Agreement, Lessee shall have the right to lease, under similar terms and unit rent charges, all or any portion of the Expansion Premises provided sub-Lessee has met the provisions of the Development Agreement Between Duluth Economic Development Authority And Industrial Resources Corporation, A Minnesota Corporation (herein after referred to as "Development Agreement"). In the event Lessee desires to lease less than the full Premises, Lessee shall be permitted to lease a portion Expansion Premises which shall be contiguous to Lessee's then current Leased Premises. Upon exercise of right to lease any portion including less than all of the Expansion Premises, the right to lease the remaining Expansion Premises shall be renewed for an additional five (5) year term if Lessee, or any sub-Lessee of Lessee, shall within six (6) months of the lease of said additional property, begin construction of a project on said additional property having a minimum cost of One Hundred Thousand Dollars (\$100,000) and a minimum size of six thousand (6,000) square feet; each time Lessee expands as hereinbefore provided, the right to lease the remaining portion unleased portion of the Expansion Premises shall be renewed for an additional Five (5) year period until such time as Lessee fails to timely exercise the Lease right. If Lessee fails to timely exercise the Lease right or fails to construct the minimum cost project within the time described, this right shall lapse. If Lessee desires to exercise this right, it shall give Authority ninety (90) days written notice thereof, and shall, within thirty (30) days, receive Authority's written approval or disapproval of plans as provided in this Ground Lease. In the event Lessee shall exercise its right, Lessee and Authority shall add that portion of the Expansion Premises described in the Notice to this Agreement. Any Expansion Premises currently under lease to a third party shall only become subject to this right at such time as said portion of the Expansion

Premises becomes available from said third-party lessee; Authority will not extend or renew any existing third party lessee which is part of the Expansion Premises.

**E. Common Premises:**

In addition to the foregoing, Authority does grant to Lessee and its sub-Lessee and their employees, customers and contractors access in common with the access granted to members of the general public, to all public portions of the Airport. Authority further agrees that its Executive Director will grant Lessee and its sub-Lessees access to runways, taxiways and ramps; provided, however, that the use of all such Airport facilities shall be subject to such terms and under such rules and regulations as may now exist or may, from time to time, be approved by Authority and shall further be subject to such reasonable charges as may be established from time to time among various classes of users at the Airport by Authority without discrimination.

**ARTICLE 3.**

**PLANS AND CONSTRUCTION**

**A. Drawings and Specifications:**

At the time Lessee receives them and prior to the commencement of construction of any Improvements on the Leased Premises, Lessee shall submit working drawings and specifications of the Improvements to be constructed, together with detailed site, grading, utility and landscaping plans and elevations to the Executive Director for his rejection or approval, as existing within or in violation of an existing Authority rule or regulation; such approval shall not be unreasonably withheld. All such plans, specifications and elevations shall be in conformity with this Agreement and with all applicable laws, ordinances, rules, regulations and requirements of the Authority, City of Duluth, County of St. Louis, State of Minnesota, and United States of America Authorities. Failure of the Executive Director to object within ten (10) days of receipt, shall constitute approval. If the Executive Director rejects such plans, specifications and elevations in whole or in part, and within the permitted time, Authority agrees to notify Lessee of such rejection, together with a specific reason or reasons stated therefore, and the Lessee shall be permitted to resubmit the plans in the same manner

as outlined above. No construction of the development referred to herein or of any Leasehold Improvements related thereto shall commence prior to the submission for approval of said plans, specifications and elevations. Authority acceptance of Lessee's plans, specifications and elevations shall not constitute a waiver by Authority or the City of Duluth of the building codes or ordinances or other developmental duties to be imposed in the future upon Lessee by law. Lessee expressly agrees to be solely responsible for all costs, including architectural fees, connected with the plans, specifications and elevations described herein.

**B. Changes After Initial Approval:**

Any material changes made to the plans by Lessee after the initial approval of the Executive Director shall be submitted to him for acceptance in the same manner as provided for in Paragraph A above.

**ARTICLE 4.**

**TERM**

**A. Initial term:**

The initial term of this Agreement shall commence on the date stated in Article 2, Paragraph A, and shall run until December 31, 2018 (the "Initial Term"), unless sooner terminated as hereinafter provided.

**B. Option Term:**

At the end of this initial term this Agreement may, at the option of Lessee, be renewed for a second term of twenty-five (25) years. In this event the rent for the second term shall be determined by a continuation of the rate setting calculation set out in this Agreement. The rental rate charged shall be for unimproved ground only, and shall not take into consideration any of the Leasehold Improvements. At the end of the first (1st) renewal term, Lessee may renew for a second (2nd) renewal term of twenty-five (25) years under the same conditions as the first (1st) renewal.

**ARTICLE 5.  
PAYMENTS**

**A. Rent:**

Upon the signing of this Agreement, Lessee hereby agrees to pay Authority the sum of Ten Cents (\$.10) per square foot of Leased Premises for a total of Thirteen Thousand Four Hundred Ninety Dollars (\$13,490) per year as rental for Leased Premises, said sum being due and payable as provided for herein. Additionally, upon the exercise of Lessee's option to rent any of the Expansion Premises, Lessee shall be obligated to pay Authority the same per square foot rate of rental as Lessee is then paying for the Leased Premises. The amount of rental shall be adjusted as provided for in Paragraph C of this Article. Notwithstanding the Rent Abatement, the minimum rent payable hereunder shall not be less than Four Cents (\$.04) per square foot which equates to a minimum total rent of Five Thousand Three Hundred Ninety-six Dollars (\$5396) as rental for the Leased Premises; the minimum per square foot will also apply to the Expansion Property.

**B. Rent Parity:**

Authority agrees to charge not less than Ten Cents (\$.10) per square foot for future leases of land with access to the air operations portion of the Airport. The Authority will grant Lessee a reduction in rent should future tenants pay less than Ten Cents (\$.10) per square foot on a net comparable basis. Authority will, at lease renewals of other tenants (with access to the air operations portion of the Airport) at current lower rates, bring such tenants up to parity with the rates paid by Lessee.

**C. Rent Abatement:**

In consideration of Lessee's performance of all of its obligations under this Agreement, and Lessee's agreement to Authority to remove or clean unstable or environmentally contaminated soil and to indemnify the Authority from the environmental cleanup costs on the Leased Premises, Authority hereby agrees to provide Lessee a rental abatement of Sixty Percent (60%) of the annual ground rent until Lessee has recovered all unreimbursed costs of site correction and/or cleanup and utility and road improvements;

provided, Lessee has not received reimbursement from a third party and provided that if Lessee shall be in default in any of the terms and conditions of this Agreement, at the discretion of Authority, all such abated rental payments not then made shall immediately become due and payable to Authority and shall be deemed to have borne interest at the rate of five percent (5%) per annum from the date that they would have been due had said payments not been abated pursuant to the terms and conditions of this Paragraph.

**D. Rental Adjustment:**

The annual rent for the term of this Agreement and any renewals thereof and/or exercise of Expansion for Expansion Premises in Article 2 D shall be adjusted in accordance with the increase or decrease in the C.P.I. over the period from the beginning of this Agreement or the last date of rental adjustment. The initial adjustment shall be made and effective January 1, 1998, and shall be increased or decreased by the C.P.I. increase or decrease factor from the Effective Date of this Agreement. This adjusted rent shall be the effective rate for a period of five (5) years and shall thereafter be similarly adjusted every five (5) years during the term of this Agreement and any extensions thereof. Under no circumstances shall the adjusted annual rent be greater than the ground rent charged under leases executed or amendments executed subsequent to this Agreement, nor shall the annual increase be greater than three percent (3%). (Alternative - see Attachment 1). Authority shall have the exclusive option to use the Alternative Rental Adjustment attached as Attachment 1 and incorporated herein by reference.

**E. Miscellaneous Payments and Services:**

**1. Airport User Charges**

Lessee shall, in addition, pay all Airport usual and customary user charges for common areas, such as landing fees, tiedown fees, fuel flowage fees and any other fees associated with use of Airport facilities commonly charged to other users of the Airport without discrimination.

2. Refuse and Garbage

Lessee assumes all responsibility for the disposal of refuse and garbage generated by its operations at the Airport and agrees to absorb all costs related thereto.

3. Utilities - Right of Entry

Lessee agrees to provide such heat, air conditioning, electricity, sewer, gas and water as are reasonably necessary for Lessee's operations at no cost to Authority. Authority and its agents, assigns, or licensees, reserves an easement and license to go upon the Leased Premises to install, maintain, construct or repair any water, gas, sewer, electrical or other utilities as needed to maintain or improve utilities on the Airport; provided, however, that this right must be exercised in a reasonable manner and without cost to Lessee or damage to Lessee's property. If entry is required hereunder into any building, the appropriate confidential agreements of Lessee or sub-Lessees.

4. Licenses, Fees and Taxes

Lessee hereby agrees to pay all license, fees, taxes and assessments of any kind whatsoever which are assessed by government taxing authorities and arise because of, out of, or in the course of any operations covered by this Agreement during the term hereof. Should Lessee fail to pay such amounts, it is expressly agreed that Authority may pay the same on behalf of Lessee and immediately collect the same from Lessee.

5. Right to Contest

Lessee shall have the right to contest the validity or amount of any tax, assessment or charge, lien, or claim of any kind in respect to the Leased Premises. Lessee shall, if Authority requires the same in writing and if the taxes or other assessments have not been paid under protest or otherwise escrowed or provided for, furnish reasonable security for the payment of all liability, costs and expenses at the end of the litigation, and Lessee, so long as the matter shall remain undetermined by final judgment, shall not be considered in default hereunder by the nonpayment thereof; provided, however, that Lessee shall not, under these provisions, permit the Premises or any buildings or improvements situated thereon, to be sold or forfeited, and failure by Lessee to do

what is necessary to prevent any such sale or forfeiture within ten (10) days from the publication or receipt of notice for sale or forfeiture, shall be deemed to be a default hereunder, and Authority may, at its option, pay any such sum as may be required to avoid the sale or forfeiture and seek reimbursement for its cost from Lessee.

**F. Time for Payment and Manner of Payment**

**1. Rental**

All annual payments for rental, as provided for in Paragraph A above, shall be due and payable on the first (1st) day of the month of each Agreement year of Lessee's occupancy of the Leased Premises.

**2. Airport User Fees**

Lessee shall pay all Airport normal and customary user fees when Airport rules and regulations provide that such fees shall be paid, whether at the time that said user fees are incurred or when billed by the Authority, as provided for by Authority procedures and regulations.

**3. Reimbursements**

All reimbursements to Authority called for by this Agreement shall be due and payable promptly upon being billed by Authority to Lessee.

**ARTICLE 6.**

**FUTURE CONSTRUCTION AND LEASEHOLD IMPROVEMENTS**

**A. Construction Standards and Approvals:**

Any construction or Leasehold Improvements done by Lessee, or under his direction, over and above that contemplated by the Development Agreement above, shall conform to all applicable regulations, building codes, and health standards and:

**1. Construction Approval**

Complete contract drawings and specifications on all work, including alterations,



additions or replacements, must be submitted for and receive approval according to  
Article 3 Paragraph A hereof.

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2. Construction

All work must be done by competent contractors or by Lessee itself. Lessee shall comply with the indemnity and insurance and bond requirements of this Agreement.

3. Construction Representative

An authorized representative of Lessee or sub-Lessee shall be available at all reasonable time at the site to coordinate the work of the Leasehold Improvements.

B. Construction Bonds and Insurance.

1. Bonds

During the term of this Agreement, when any Leasehold Improvements are constructed, installed or renovated, Lessee shall, or shall cause sub-Lessee, to secure bond or bonds to be conditioned for payment of claims as required and in full compliance with Minnesota Statutes Section 574.26, or such other security necessary to protect against mechanics or materialmen liens.

2. Contractor's Insurance

Lessee will provide or require its contractor or contractors to provide insurance complying with the requirements of Lessee.

ARTICLE 7.

PROVISION AGAINST LIENS

Only Permitted Encumbrances shall be allowed.

**ARTICLE 8.**  
**MAINTENANCE OF PREMISES**

Lessee agrees to maintain the Leased Premises in a clean, neat and orderly condition and in compliance with all codes for such facilities.

**ARTICLE 9.**  
**QUIET ENJOYMENT**  
**POWER OF ATTORNEY FOR SITE WORK**

Authority covenants that Lessee, upon payment of the rentals reserved herein and the performance of each and every one of the covenants, agreements, and conditions on the part of Lessee to be observed and performed, shall and may, peaceable and quietly, have, hold and enjoy the Leased Premises for the term of aforesaid, free from molestation, eviction or disturbance. Without cost to the Authority and only after written request, the Authority grants right of entry to Lessee and a power of attorney to collect, give all notices and take all acts in the name of the Authority that Lessee deems necessary to clean the Premises, the Expansion Premises or any adjoining land where migration may be a problem.

**ARTICLE 10.**  
**INDEMNIFICATION AND INSURANCE BY LESSEE**

**A. Indemnity By Lessee:**

Lessee will defend, indemnify and hold Authority and City (hereinafter referred to as "City") of Duluth harmless from any loss, cost or expense in any way arising out of or resulting from any acts, omissions, negligence, or based upon the violation of any federal, state, or municipal laws, statutes, ordinances or regulations by Lessee, its agents, employees, sublessees or those under its control; in, on or about the Leased Premises; and on ten (10) days' written notice from Authority, Lessee will appear and defend all claims and lawsuits against Authority growing out of any such injury or damage. Lessee's liability hereunder shall not be limited to the extent of insurance carried by or provided by Lessee or subject to any exclusions from coverage in any

insurance policy. Lessee shall not be liable for any injury, damage, or loss occasioned by the negligence or wilful misconduct of Authority, its agents, employees or other lessees of Authority.

**B. Indemnity By Authority:**

Authority will defend, indemnify and hold Lessee harmless from any loss, cost or expense in any way arising out of or resulting from any acts, omissions, negligence, or based upon the violation of any federal, state, or municipal laws, statutes, ordinances or regulations by Authority, its agents, employees, licensees, successors and assigns, or those under its control, in, on or about the Leased Premises; or in connection with its use provided; and on ten (10) days' written notice from Lessee, Authority will appear and defend all claims and lawsuits against Lessee growing out of any such injury or damage. Authorities' liability hereunder shall not be limited to the extent of insurance carried by or provided by Authority or subject to any exclusions from coverage in any insurance policy. Authority shall not be liable for any injury, damage, or loss occasioned by the negligence or wilful misconduct of Lessee, its agents, employees or other lessees of Lessee.

**C. Insurance:**

Lessee shall cause any sublessees to provide for purchase and maintenance of such insurance as will protect Lessee, Authority and City against risk of loss or damage to the project and any other property permanently located or exclusively used at the Leased Premises and Expansion Premises and against claims which may arise or result from the maintenance and use of the premises, including operations conducted in connection with construction of improvements thereupon, including:

**1. Property Insurance**

Lessee will require any sub-Lessee to name the Authority as a loss payee for the limited purpose of site cleanup in any property insurance policy.

**2. Liability Insurance**

During the construction period (unless covered under the policies required previously) and permanently thereafter for the balance of the term of this Agreement, as extended,

Lessee shall require any sub-Lessee to procure and maintain continuously in force Public Liability Insurance written on an "occurrence" basis under a Comprehensive General Liability Form in limits of not less than Five Million Dollars' (\$5,000,000) aggregate per occurrence for personal bodily injury and death, and limits of Five Million Dollars (\$5,000,000) for property damage liability. If per person limits are specified, they shall be for not less than One Million Dollars (\$1,000,000) per person and be for the same coverage. Authority and City shall be named as an additional insured therein. Insurance shall cover:

- (1) Public liability, including premises and operations coverage;
- (2) Independent Contractors - protective contingent liability;
- (3) Personal injury;
- (4) Owned, non-owned and hired vehicles;
- (5) Contractual liability covering the indemnity obligations set forth herein; and
- (6) Inventory--completed operations.

### 3. Workers' Compensation

Workers' Compensation Coverage in statutory amounts with "all states" endorsement unless qualified as a self-insurer under Minnesota Law, and evidence of such qualification is to be furnished to Authority by any sub-Lessee. Employees liability insurance shall be carried in limits of One Hundred Thousand Dollars (\$100,000) per employee.

### 4. Requirements for All Insurance

All insurance required in this Article shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in Minnesota.

### 5. Certifications

Lessee shall be required to supply to Authority written certifications of insurance as requested by Authority requiring the insurer to give Authority thirty (30) days' written notice prior to cancellation or modification of said insurance. In the event that the

"Accord" form of certificate is used, the words "endeavor to" shall be stricken from the notice provisions thereof.

6. Destruction or Damage

In the event that the Leasehold Improvements are destroyed or substantially damaged by fire or other casualty, Lessee shall have the option of repairing or rebuilding said improvements and the previously approved plans and specifications or constructing new improvements in conformance with the terms of this Agreement and the plans and specifications for which shall be developed and approved in conformance with this Agreement. All such work shall be performed and completed within one hundred eighty (180) days of the time of the occurrence of the aforesaid fire or other casualty and Lessee shall thereafter continue to be obligated to pay Authority rental and other charges as provided for in the Agreement until its termination in accordance with the terms thereof.

7. Modifications of Insurance

Because of the duration of this Agreement and the uncertainty as to future property values and financial risks related to death, personal injury and property damage, the parties hereto agree that Authority shall have the right to increase the levels of insurance required by this Article or to modify the form of insurance required at such times and in such a manner as is reasonably necessary to provide Authority with the level of protection provided for in this Agreement on the date of its signing.

D. Hazardous Waste:

Nothing to the contrary of the generality of the foregoing withstanding, except as provided for below, it is specifically agreed between the Parties that Lessee shall require any sub-Lessee to be responsible in all respects for the use of or generation of any substance classified as "hazardous waste" or a "pollutant" by either the Environmental Protection Agency of the Government of the United States or the Minnesota Pollution Control Agency or any other government agency that may in the future be responsible for environmental policy or enforcement. Lessee shall specifically be responsible for the disposition of all such substances and for the

cleanup of environmental condition deemed by any of those agencies to require environmental cleanup activities of any kind, which need arises, directly or indirectly, out of Lessee's operations at the Airport, regardless of where the cleanup occurs, and Lessee specifically agrees that the obligations of Paragraph A above shall apply specifically to any costs or obligations of Authority arising out of any such disposition or cleanup. Provided, however, that the Parties hereto acknowledge the probability of the existence of preexisting contamination on the Leased Premises and Option Premises. It is agreed by the Parties that it shall be the obligation of Lessee, to remediate the site conditions as otherwise provided in this Agreement.

#### ARTICLE 11

#### ENVIRONMENTAL INDEMNIFICATION

**A. Lessee's Environmental Cleanup:**

Lessee will exercise all deliberate speed and best efforts to clean any soil contaminated with Environmentally Regulated Substances, as defined in the Lease, on the Leased Premises and Expansion Premises to bring the soil into compliance with state, federal and local standards described in Lease and Development Agreement for soil contamination as evidenced by a site closure letter or other form of release issued from EPA or MPCA or other site control or a governmental agency. For all site and cleanup work after work on the Leased Premises, Lessee will give the Authority notice of the plan and expected costs. Lessee will have no responsibility to indemnify or hold Authority harmless if Authority brings any environmentally regulated substances onto the Leased Premises or causes further contamination after cleanup. Lessee will be reimbursed through rent abatement by Authority for the unreimbursed stated cleanup.

**B. Authority's Obligations:**

Authority agrees to grant the power of attorney herein and to aid Lessee in its cleanup of the Leased Premises in applications with any and all governmental authorities which govern the cleanup activities, in all reimbursement applications related to the cleanup and any legal assignment of rights necessary to obtain contribution by responsible parties other than Authority or the.

**ARTICLE 12.**  
**DEFAULT AND TERMINATION**

**A. General:**

In the event that any one or more of the following events shall occur, then in its discretion, Authority shall have the right to terminate this Lease, or to bring action against Lessee thereafter for damages as the same may from time to time accrue.

**1. Filing of Lien**

Any lien shall be filed against the demised premises because of an action or omission of Lessee and shall not be discharged or contested by Lessee in good faith by proper legal proceedings within sixty (60) days after receipt of notice thereof by Lessee; or

**2. Failure to Observe Lease Terms**

Lessee shall fail to keep, perform and observe each and every promise, covenant and agreement set forth in this Agreement or on its part to be kept, performed or observed, and such failure shall continue for a period of more than thirty (30) days after transmission to Lessee by Executive Director of a written notice of such breach or default. Or in the event that cure cannot be completed within said thirty (30) day period, Lessee fails to commence cure promptly upon receipt of notice of such breach or default and to complete the cure thereof within the period that the Executive Director, in his sole discretion, has granted to Lessee, in writing, for the purpose of curing the breach.

**B. Nonwaiver:**

Any waiver of any breach of covenants herein contained to be kept and performed by Lessee, shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent Authority from declaring a forfeiture for any succeeding breach either of the same condition or covenant or otherwise.

**C. Mortgage of Leasehold Interest:**

Lessee shall have the right to place priority mortgage liens, (which may take the form

of a financing lease), (hereinafter referred to as "the mortgage"), upon improvements to the Leased Premises. All of the Lessee rights and obligations under this Lease shall inure to the benefit of such Lender named in said mortgage (hereinafter referred to as the "Lender") and its assignees. The Lender named in such a mortgage shall have the following rights and shall be subject to the following duties:

1. Lender Continuation

In the case of a default by the Lessee under the terms of the mortgage, a Lender shall have the right to assume the rights, benefits, duties, and obligations granted and imposed upon the Lessee under the terms of this Lease, with the right to assign the Lender's interest acquired from the Lessee under this Lease to a third party. In the event that the Lender assumes the responsibilities of the Lessee under the terms of this Lease, the aggregate and total financial obligations of the Lender assumed under the terms of this Lease shall not exceed the fair market value of the Lessee's continuing interest in the Leased Premises as if the Lessee were not in default.

2. Assignment

In the event the Lender chooses to assign its rights under this Lease to a third party, the Lender shall allow the Authority written notice and a thirty (30) day period for the Authority to pay the Lender in full the amount of indebtedness secured by Lessee or sublessees assignment to lender and receive an assignment of Lender's interest. In the event of Lender's assignment, the Lender's obligations as a substituted Lessee shall cease upon the assignment of the Lender's rights as a substitute Lessee to a third party.

3. Notice Rights Of Authority

As a condition precedent to the exercise of the right granted to Lender by this paragraph, Lender shall notify Authority of all action taken by it in the event of a default by Lessee on the mortgage. Lender shall also notify Authority, in writing, of any change in the identify or address of the Lender.



4. Notice Rights of Lender

All notices required by to be given by Authority to Lessee with regard to default or any other failure by Lessee under this Lease shall also be given to Lender at the same time and in the same manner but only after Lender has notified Authority of the request of duplicate notice. Upon receipt of such notice, Lender shall have the same rights as Lessee to correct any default.

5. Estoppel Certificate

Within ten (10) days after Lessee's request, Authority shall deliver an Estoppel Certificate, a declaration to any person designated by Lessee, (1) ratifying this Lease; (2) stating the commencement and termination dated and the rent commencement date; and (3) certifying (i) that this Lease is in full force and effect and has not been, to the knowledge of the Authority, assigned, modified, supplemented or amended (except by such writings as shall be stated); (ii) that all conditions under this Lease to be performed by Lessee have been satisfied (stating exceptions, if any) (iii) no defenses or offsets against the enforcement of this Lease by Lessee exist (or stating those claimed); (iv) the date to which rent has been paid, and such other information as Lessee reasonably requires.

**ARTICLE 13.**

**ATTORNEY'S FEES AND COSTS**

In the event Authority shall prevail in any action or suit or proceeding brought by Authority to collect the rent due or to become due hereunder or any portion thereof, or to take possession of the demised premises, or to enforce compliance with this Agreement or for failure to observe any of the covenants of this Agreement, Lessee agrees to pay Authority such sums as the court may adjudge reasonable as attorney's fees and costs to be allowed in such action, suit or proceeding. In the event Lessee shall prevail in any action or suit or proceeding brought by Lessee to enforce compliance with this Agreement or for failure to

observe any of the covenants of this Agreement, Authority agrees to pay Lessee all reasonable attorney's fees and costs for enforcing such terms of the Agreement.

#### **ARTICLE 14.**

##### **SURRENDER OF POSSESSION - RIGHTS TO PROPERTY**

Upon the expiration or other termination of this Agreement, Lessee's authority to use the Leased Premises, rights, facilities and equipment herein granted shall cease and Lessee shall, upon termination or expiration, promptly and in good condition surrender the same to Authority except as set forth below. Upon termination, any Leasehold Improvements which have become a part of the realty, including buildings and structures, and which improvements Lessee has not removed and thereafter restored the Lease Premises, shall become the property of Authority, and the same, together with the Leased Premises, shall be immediately returned to the control of Authority. Any Leasehold Improvements not a part of the realty shall be removed therefrom within sixty (60) days after the termination of this Agreement or the same shall be deemed to have been abandoned to Authority and the right of the Lessee to possession thereof shall cease.

#### **ARTICLE 15.**

##### **LAWS, RULES AND REGULATIONS**

Lessee agrees to observe and comply with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota, the City of Duluth, the Duluth Airport Authority, and their respective agencies which are applicable to its business at the Airport, including, but not limited to, all environmental laws and regulations, and further agrees to observe and comply with all reasonable Airport rules and regulations in existence at the execution of this Agreement and which may, from time to time, be promulgated by Authority governing conduct on and operations at the Airport and the use of its facilities, as administered by the Executive Director. Further, Lessee agrees to fulfill its responsibilities pursuant to the Airport Security Plan approved by the Federal Aviation Administration and any amendments thereto.

**ARTICLE 16.**  
**CIVIL RIGHTS ASSURANCES**

Lessee for himself, his personal representatives, successors and interests and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

1. No person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or be otherwise subjected to discrimination in the use of said facilities.
2. That in the construction of any improvements on, over or under such land in the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination.
3. That Lessee shall use the premises in compliance with all of the requirements imposed by or pursuant to Title 49 Code of Federal Regulations, Department of Transportation Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the Department of Transportation - Effectuation Title VI of the Civil Rights Act of 1964 and as said Regulations may be amended.

**ARTICLE 17.**  
**SUBORDINATION - GOVERNMENT COMMITMENTS**

Nothing herein shall be construed to prevent Authority from making such commitments as it desires to the Government of the United States or to the State of Minnesota in order to qualify for the expenditure of Federal or State funds at the Airport or related in any manner to the operation thereof, and this Agreement shall be subordinate to the provisions of any existing or future agreement between Authority and the Government of the United States or of the State of Minnesota relative to the operation or maintenance of the Airport. Nothing shall hereby be interrupted to permit Authority to breach the basic intent of this Agreement to provide commercial aircraft development facilities.

**ARTICLE 18.**  
**AMENDMENT OR MODIFICATION**

This Agreement may be amended or modified only by a written instrument, dated, and duly executed by the authorized representatives of each of the respective Parties. This Agreement constitutes the entire agreement of Authority and Lessee on the subject matter thereof.

**ARTICLE 19.**  
**FORCE MAJEURE**

Under the terms of this Agreement, neither Authority nor Lessee shall be considered in default or in breach of any of its terms with respect to the timing of the commencement or completion of the construction or the availability of the Leased Premises for construction in the event of enforced delay in the performance of its obligations due to unforeseeable causes beyond its control and without its fault and negligence including, but not limited to, acts of God, acts of a public enemy, acts of the federal government, fires, floods, epidemics, strikes or embargoes, or for delays of subcontractors due to such causes. In the event of any such delay, any time for completion or delivery under this Agreement shall be extended for a reasonable period upon written notice from the parties seeking the extension to the other party.

**ARTICLE 20.**  
**NOTICES**

Notices to be provided for herein shall be sufficient if delivered in person or sent by registered mail, postage prepaid, addressed as follows:

To the Duluth Airport Authority:  
4701 Airport Drive,  
Duluth International Airport,  
Duluth, Minnesota, 55811;

To Duluth Economic Development Authority:

Room 402, City Hall

Duluth, Minnesota, 55802

or to such other respective persons or addresses as the parties may designate to each other in writing from time to time.

**ARTICLE 21.**  
**APPLICABLE LAW**

This Agreement, together with all of its articles, terms and provisions, is made in the State of Minnesota and shall be construed and interpreted according to the laws of the State of Minnesota.

**ARTICLE 22.**  
**DRUGS AND ALCOHOL**

Lessee's operations and use of the premises shall be in conformance with all federal, state, and local laws, regulations or valid orders and policies controlling drug or alcohol use or possession on the Airport.

**ARTICLE 23.**  
**DUTY TO BE REASONABLE**

Wherever in this Agreement the Authority is to give its consent, approval or otherwise exercise discretion in judgment, such consent, approval or judgment shall not be unreasonably exercised or unreasonably withheld.

568874

22<sup>nd</sup> IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this  
day of August, 1993.

DULUTH AIRPORT AUTHORITY

DULUTH ECONOMIC DEVELOPMENT  
AUTHORITY

By \_\_\_\_\_

By *Anna K. Hanson*

Approved as to Form:

\_\_\_\_\_  
Deputy City Attorney

Countersigned:

\_\_\_\_\_  
City Attorney

CITY OF DULUTH            )  
                                  ) ss.  
COUNTY OF ST. LOUIS    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of August,  
1993, by \_\_\_\_\_ of the Duluth Airport Authority, a governmental  
authority, on behalf of the Authority.

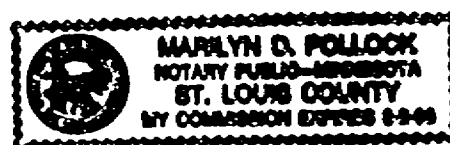
\_\_\_\_\_  
Notary Public

568874

CITY OF DULUTH )  
COUNTY OF ST. LOUIS ) ss.

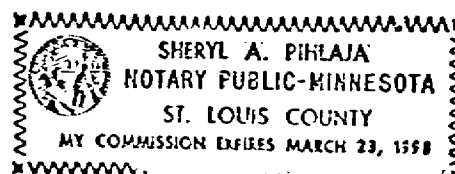
The foregoing instrument was acknowledged before me this 10<sup>th</sup> day of August, 1993, by LANCE HAZEN of the Duluth Economic Development Authority.

Marilyn D. Pollock  
Notary Public



The foregoing instrument was acknowledged before me this 12th day of August 1993, by Joseph Lasky, President of the Duluth Airport Authority on behalf of the Authority.

Sheryl A. Pihlaja



568874

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this  
\_\_\_\_ day of August, 1993.

DULUTH AIRPORT AUTHORITY

By *[Signature]*  
President

By *[Signature]*  
Secretary

Approved as to Form:

\_\_\_\_\_  
Assistant City Attorney

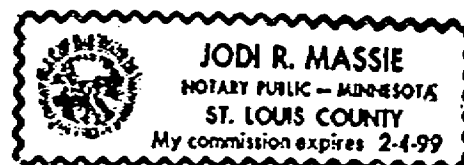
Countersigned:

*[Signature]*  
City Attorney

CITY OF DULUTH            )  
                                  ) ss.  
COUNTY OF ST. LOUIS    )

The foregoing instrument was acknowledged before me this 12th day of August, 1993, by *Jodi Petron* and \_\_\_\_\_  
~~President and Secretary~~, of the Duluth Airport Authority, a governmental authority, on behalf of the Authority.

*Jodi R. Massie*  
Notary Public





ATTACHMENT 1ALTERNATIVE RENTAL ADJUSTMENT

Authority shall have the exclusive option to use the following rental adjustment criteria:

At each five (5) years hereunder, the annual rent shall be adjusted to equal seven percent (7%) of the fair market value of the land, exclusive of buildings, improvements and as though unencumbered by any lease, based upon agreement of the Parties or if the Parties can not agree, by an appraisal of such fair market value as of said date and such adjusted annual rent shall be applicable until the end of said five (5) year renewal term.

In making appraisals, each party shall designate an appraiser and shall notify the other party in writing of the names and address of the appraiser so designated. The Lessor shall initiate the proceeding by notifying the Lessee of the appointment of an appraiser, and within fifteen (15) days thereafter, the Lessee shall notify the Lessor of the appointment of a second appraiser. The two appraisers shall select a third appraiser. All appraisers shall be qualified as members of a nationally recognized appraisal accreditation group. Should either party fail to appoint an appraiser within fifteen (15) days from the time when such appointment should have been made, the other party may have the appointment made by the then President of the Duluth Board of Realtors (or comparable organization). Should the two appraisers fail to agree on the appointment of a third appraiser within thirty (30) days of the appointment of the last of such two appraisers to be appointed, the third appraiser shall be appointed also by the then President of said Board (or comparable organization) upon application made by the Lessor within forty-five (45) days after the three appraisers, or a majority thereof, of the fair market value of the land, the appraisers shall notify both the Lessor and the Lessee in writing and such appraisal shall be binding upon both parties in determining the rent to be paid for the particular period involved. The cost of each such appraisal shall be shared equally by the Lessor and the Lessee.

Under no circumstances shall the adjusted annual rent be greater than the ground rent charged under leases executed or amendments executed subsequent to this Agreement.

568874

OFFICE OF REGISTRAR OF TITLES  
STATE OF MINNESOTA } ss.  
COUNTY OF ST. LOUIS }

I hereby certify that the within  
Instrument was filed in this office on  
AUG 12 1993  
at 1P M. and was duly registered  
in Book 700 of Register of Titles,  
page 186 ✓

MARK A. MONACELLI  
Register of Titles

BY [Signature]  
Deputy

AUG 27 1993

FOR OFFICE USE ONLY

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EXHIBIT D  
TAX ABATEMENT AGREEMENT

## TAX ABATEMENT AGREEMENT

This Tax Abatement Agreement, effective as of the date of attestation thereto by the City Clerk, is made by and between the City of Duluth ("City") and Cirrus Design Corp ("Cirrus").

### RECITALS:

The Duluth Economic Development Authority ("DEDA") is the owner of the hereinafter described MRO located on the Duluth International Airport at 4600 Stebner Road, Duluth, St. Louis County, MN and legally described on Exhibit A hereto (hereinafter the "Property") which was designed and constructed as a heavy commercial aviation maintenance, repair and overhaul facility.

Cirrus will be leasing the MRO and the Property and is anticipating purchase of said MRO and acceptance of the assignment of the current ground lease for the Property for operation of commercial aviation design and manufacturing and related services.

The City has proposed to provide financial assistance to Cirrus through the abatement of the City's share of real estate taxes or personal property taxes in lieu of real property taxes generated by the Property pursuant to the Act.

The Tax Abatement constitutes a business subsidy pursuant to the Business Subsidy Act.

The City expects the benefits to the City of the proposed Business Subsidy to exceed the costs to the City of the proposed Business Subsidy. The annual cost of the City's Tax Abatement is estimated at not more than \$60,000 per year. The Project will include capital investments and related expenses of not less than \$3,500,000 in the MRO Facility alone, and across all the Cirrus production facilities is anticipated to total not less than \$7,000,000 across the Duluth Cirrus Campus. The associated annual payroll and benefits is estimated at not less than \$5,200,000. Additionally, DEDA will no longer need to expend approximately \$350,000 to \$700,000 per year depending on the tax liability burden in holding costs for the MRO Facility.

The City held, in accordance with the Tax Abatement Act and the Business Subsidy Act, a public hearing on the Tax Abatement following at least 10 but not more than 30 days' published notice.

NOW, THEREFORE, in consideration of mutual covenants of the parties hereto, the parties hereby agree as follows:

1. Recitals The above recitals are hereby adopted and shall be deemed to be a part of this Agreement.
2. Definitions. As used in this Agreement the following terms and phrases shall have the

meanings hereinafter ascribed to them:

- A. Act: shall mean the Tax Abatement Statute as set forth in Minnesota Statutes §§ 469.1812 through 469.1815
- B. Tax Abatement: shall mean the payment by City to Cirrus of a portion of the real estate taxes or payments in lieu of taxes received by the City resulting from the imposition of such taxes on the MRO Property and the buildings located thereon.
- C. Annual Abatement Amount: shall mean amount of Tax Abatement provided by City to Cirrus pertaining to any Tax Year as determined in accordance with the provisions of Exhibit B attached hereto and made a part hereof.
- D. Business Subsidy: shall mean a subsidy provided by City to a business entity under the provisions of the Business Subsidy Act.
- E. Business Subsidy Act: shall mean the provisions of Minnesota Statutes §§ 116J.993 through 116J.997
- F. Cirrus Campus: shall mean those properties and buildings owned, leased, controlled or used by Cirrus on or adjacent to the Duluth International Airport for the design, manufacture, maintenance and operation of its aircraft manufacturing operations as determined by the Director.
- G. Current Employment: shall mean the employment by Cirrus of 1206 FTEs on the Cirrus Campus.
- H. Current Net Tax Capacity: shall mean the Current Net Tax Capacity of the Property and the property that constitutes the Cirrus Campus as determined by the Director
- I. Director: shall mean the City's Director of Planning and Economic Development or such person designated by said Director.
- J. Full Time Equivalent or "FTE": shall mean shall mean permanent employment positions providing 2,080 hours of employment per year or the equivalent for combined part-time positions.
- K. MRO: shall mean the Maintenance, Repair and Overhaul Facility, approximately 189,000 square feet in size, and related buildings located on the Property.
- L. Property: shall mean that property in St. Louis County, Minnesota, legally described on Exhibit A attached hereto and made a part hereof.

- 3. Description of Business Subsidy. City hereby agrees to grant to Cirrus a Business Subsidy in the form of Tax Abatement in amounts as hereinafter described under the terms and conditions of this Agreement for as long as Cirrus owns or leases the MRO and the Property, continues to operate its aircraft manufacturing business on the Cirrus Campus and continues to maintain FTE on the Cirrus Campus as described in Exhibit B. The total amount of the Tax Abatement to be paid to Cirrus during the Term of this Agreement as set forth in Section 4 below shall not to exceed \$600,000. The annual Abatement Amount shall not exceed \$60,000. The Abatement Amount payable in any year in which Cirrus so owns or occupies the Property and the MRO for less than 365 days of said year shall be proportionally reduced to reflect only the period of such ownership or occupancy. From the effective date of this Agreement and through December 31, 2023, the Abatement Amount shall be calculated according to the calculations shown on Exhibit B for Years 1 & 2. Commencing on

January 1, 2024 and through the remaining term of this Agreement, the Annual Tax Abatement Amount shall be calculated according to the calculations shown on Exhibit B for years 3-10. Cirrus will provide documentation to the City on an annual basis to verify the number of FTE's working on the Cirrus Campus. The definition of "working on the Cirrus Campus" shall be determined at the sole discretion of the Director especially as remote working and COVID-19 protocols have made this determination more challenging and difficult. Determinations shall be done in consultation with Cirrus leadership.

4. Reduction in Tax Capacity. However, if the Net Tax Capacity for the Property, the MRO and the property constituting the Cirrus Campus is reduced from the Current Tax Capacity of such property, the Annual Tax Abatement Amount shall be reduced by an amount equal to difference between the amount of the property revenues which would have been payable to the City from the Property, the MRO and the property constituting the Cirrus Campus as of the date of this Agreement and the amount that was payable after said reduction in the Current Net Tax Capacity.
5. Limitation. Notwithstanding the above, the total annual Tax Abatement commitment under this Tax Abatement Agreement shall not exceed ten percent (10%) of the existing City levy or \$200,000, whichever is greater, or any limits imposed by applicable law.
6. Term. The Business Subsidy will begin upon the successful execution of a 16-month lease and shall continue as long Cirrus is in compliance with the terms and conditions of this Agreement. Cirrus shall have the option to purchase the MRO building structure from DEDA at any time during the lease term. The tax abatement term shall not exceed 10 years.
7. Payment of Abatement Amount. Upon receipt by City of the City's portion of property tax revenues paid by Cirrus on the Property and MRO, if Cirrus is in compliance with the terms and conditions of this Agreement, City will promptly pay to Cirrus the Abatement Amount due to Cirrus under this Agreement.
8. Public Purpose for the Business Subsidy. The public purposes for the Tax Abatement include:
  - A. Increase the number and diversity of jobs that offer stable employment and high-quality wages and benefits;
  - B. Contribute to the economic diversity of the City by growing the City's current aviation industry,
  - C. Enhance and diversify the City of Duluth's tax base,
  - D. Stimulate the redevelopment of underutilized facilities, and
  - E. Achieve development on sites which would not be developed without business subsidy assistance.
9. Why the Business Subsidy is Needed. The City has determined that it would not be economically feasible for Cirrus to locate its operations at the Duluth International Airport without the Business Subsidy as costs of required improvements to the MRO

and the anticipated operating costs in the facility would not otherwise allow Cirrus to make a reasonable rate of return on its investment.

10. Goals for the Business Subsidy. Job creation and job retention are the business subsidy goals under this Tax Abatement Agreement. The Business Subsidy goal includes the retention of one thousand two-hundred and six (1,206) FTEs beginning at the Tax Abatement Benefit Date and the creation of an additional eighty positions (80) within the next 24 months and continuing through the Termination Date of this Tax Abatement Agreement. The Tax Abatement Benefit Date is the date the City first provides Tax Abatement to Cirrus. Cirrus shall pay both current and new employees' compensation, including benefits not mandated by law, that on an annualized basis is, at minimum, equal to at least 110 percent of the federal poverty level for a family of four or the living wage as set forth in Section 2-137 of the Duluth City Code, 1959, as amended, whichever is greater. Financial Obligations of Cirrus if Goals Not Met. Cirrus agrees that if the Business Subsidy Goal of maintaining one-thousand two-hundred and six (1,206) FTEs is not met in whole or in part in any year for the first two years, the tax abatement business subsidy shall be adjusted as outlined in Exhibit B. Cirrus will focus on maintaining the current number of FTEs for the first 24 months following the beginning of the Tax Abatement Benefit and will have the obligation to actively recruit and employ the additional eighty (80) FTEs during the first 24 months. In Year 3 through Year 10, the tax abatement (business subsidy) will be primarily dependent upon creating and maintain the additional 80 FTEs. The abatement amount will be determined annually using the methodology as outlined in Exhibit B.
11. Continued Operations Commitment. Cirrus agrees to continue use of the Project at the Facility for at least five (5) years after the Tax Abatement Benefit Date or until the Termination Date of this Tax Abatement Agreement, whichever is later (the "Continued Operations Commitment").
12. Special Event of Default for Failure to Meet Continued Operations Commitment. In the event that Cirrus fails to meet the Continued Operations Commitment, then Cirrus shall no longer received any Tax Abatement under this Tax Abatement Agreement.
13. Reporting Requirements. Cirrus shall provide to the City the information regarding the Business Subsidy Goal as set forth in Minnesota Statute §116J.994 subdivision 7. All such reports shall be signed on behalf of Cirrus by an officer of Cirrus with authority to bind Cirrus.

Parent Corporation

Cirrus Design Corp.  
4515 Taylor Circle  
Duluth, MN 55811

14. Other Financial Assistance. Additional financial assistance for this Project includes St. Louis County (SLC) matching property tax abatement of up to \$600,000 over the next

10 years if approved by the SLC County Board.

15. Wages & Hours. Cirrus shall cause the laborers, mechanics or apprentice-trainees employed directly upon the work site to be paid the wage rates as set forth in Section 2-25 of the Duluth City Code, 1959, as amended.
16. Timely Payment of Taxes. No Tax Abatement installment shall be paid to Cirrus if Cirrus does not pay its property taxes on a timely basis (that is, before penalty attaches). Any Tax Abatement not payable under this section as a result of taxes not being timely paid shall never be paid to Cirrus, and the maximum amount of the Tax Abatement payable to Cirrus will be reduced by such amount.
17. Tax Increment Financing District: Tax Abatement under this Tax Abatement Agreement will not occur while the Development Property is in a tax increment financing district.
18. Notices: Notice to the City or Cirrus provided for herein shall be sufficient if sent by the regular United States mail, postage prepaid, addressed to the parties at the addresses hereinafter set forth or to such other respective persons or addresses as the parties may designate to each other in writing from time to time:

City                      City of Duluth  
                                 City Hall Room 418  
                                 411 W. 1st Street  
                                 Duluth, MN 55802  
                                 Attn: Director Planning & Economic Development

Cirrus                      Cirrus Design Corp,  
                                 C/o Cirrus Corp  
                                 4515 Taylor Circle  
                                 Duluth, MN 55811  
                                 Attn: General Counsel

19. City Council Findings. Incorporated as Exhibit C to this Tax Abatement Agreement is Resolution 22-0154R of the Duluth City Council adopted February 14, 2022.



CITY OF DULUTH, a Minnesota municipal  
corporation

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

Its Mayor

Attest:

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

Its City Clerk

Dated: \_\_\_\_\_

8/15/22

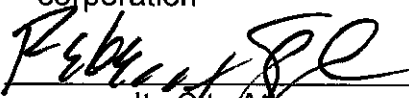
CIRRUS DESIGN CORP.

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

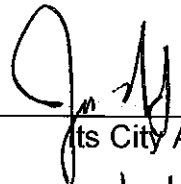
Its: \_\_\_\_\_

EVP & CFO

CITY OF DULUTH, a Minnesota municipal  
corporation

By:   
Its City Attorney

Attest:

By:   
Its City Auditor

Dated: 8/17/22

## EXHIBIT A

### LEGAL DESCRIPTION

#### Leased Property Legal Description

The Leased Property is all within Section 1, Township 50 North, Range 14 West and is generally described as follows:

Commencing at the point of intersection of the north line of Section 1, Township 50 North, Range 15 West with the north-south centerline of said Section 1; then south along said north-south centerline on a bearing of South 0 degrees 15 minutes 25 seconds East a distance of 699.87 feet to the point of beginning of the parcel to be described; thence turning to the left and continuing on a bearing of North 70 degrees 0 minutes 44 seconds East a distance of 316.22 feet to a point; thence turning to the right and continuing on a bearing of South 19 degrees 59 minutes 16 seconds East a distance of 600.00 feet to a point; thence turning to the right and continuing on a bearing of South 70 degrees 0 minutes 44 seconds West a distance of 675.23 feet to a point; thence turning to the left and continuing on a bearing of South 19 degrees 59 minutes 16 seconds East a distance of 361.60 feet to a point; thence turning to the right and continuing on a bearing of South 70 degrees 0 minutes 44 seconds West a distance of 673.67 feet to a point; thence turning to the right and continuing on a bearing of North 19 degrees 59 minutes 16 seconds West a distance of 1140.47 feet to a point; thence turning to the right and continuing on a bearing of North 70 degrees 0 minutes 44 seconds East a distance of 100.56 feet to a point; thence turning to the left and continuing on a bearing of North 19 degrees 59 minutes 16 seconds West a distance of 12.00 feet to a point; thence turning to the right and continuing on a bearing of North 70 degrees 0 minutes 44 seconds East a distance of 573.11 feet to a point; thence turning to the right and continuing on a bearing of South 19 degrees 59 minutes 16 seconds East a distance of 190.88 feet to a point; thence turning to the left and continuing on a bearing of North 70 degrees 0 minutes 44 seconds East a distance of 359.01 feet to the point of beginning and there terminating.

## EXHIBIT B

The methodology for calculating the earned tax abatement amount is provided below. It can be used to determine the amount of the tax abatement based on the minimum number of FTE's that Cirrus has maintained on the Duluth Cirrus Campus during the tax abatement period. The minimum number of FTE's will impact both the job retention as well as the new job creation results achieved by Cirrus in meeting and maintaining the job creation goals target during the term of the tax abatement agreement. The methodology is outlined and detailed in this the following.

Where:

NE = Number of Employees determined as a Full Time Equivalents (FTE's) physically working and located on Duluth Cirrus Campus. The number will reflect the minimum number of FTE's employed by Cirrus during anytime over the calendar year. Part-time positions maybe combined but must meet the benefits and salary minimum requirements.

ATAB = Annual Tax Abatement amount authorized (e.g. \$60,000 per year) unless reduced proportionally by potential permanent net tax capacity reductions (See Notes and equation below Table B-1).

CRR = Cost Retention Ratio calculated value based on minimum number of Employees (FTE's) denoted by NE (as defined previously) during the calendar year. The value will range between (0.0 - 1.0).

CRR (Pick the one that applies)

IF  $NE \geq 1,206$ ,  $CRR = 1.0$ ,

IF  $NE < 1,206$ , then  $CRR = (NE / 1,206)$

CGR = Cost Growth Ratio calculated value based on minimum number of Employees (FTE's) NE as defined previously during the calendar year. The value will range between (0.0 - 1.0).

CGR (Pick the one that applies)

IF  $NE \leq 1,206$ ,  $CGR = 0$ ,

IF  $NE \geq 1,286$ ,  $CGR = 1.0$ ,

IF  $NE > 1,206$  and  $NE < 1,286$  then  $CGR = [(NE - 1,206) / 80]$ .

WTRET = Weighting of Job Retention subsidy per year (See Table B-1).

WTGRW = Weighting of Job Growth subsidy per year (See Table B-1).

TXABTAMT = Tax Abatement Amount calculated using the weighting factors and the cost ratios for each year listed below in Table B-1.

$TXABTAMT = ATAB \times ([WTRET \times CRR] + [WTGRW \times CGR])$

**Years 1 & 2 (Job Retention Only)**

$$\text{TXABTAMT} = \text{ATAB} \times [(\text{WTRET} \times \text{CRR})]$$

### **Years 3 - 10 (Job Retention and Growth)**

$$\text{TXABTAMT} = \text{ATAB} ([\text{WTRET} \times \text{CRR}] + [\text{WTGRW} \times \text{CGR}])$$

Use the relevant values from the Table B-1 below.

**Table B-1**

Year	ATAB+	WTRET	CRR	WTGRW	CGR
1	\$60,000	100%	Calc.	0%	N/A
2	\$60,000	100%	Calc.	0%	N/A
3	\$60,000	10%	Calc.	90%	Calc.
4	\$60,000	10%	Calc.	90%	Calc.
5	\$60,000	10%	Calc.	90%	Calc.
6	\$60,000	10%	Calc.	90%	Calc.
7	\$60,000	10%	Calc.	90%	Calc.
8	\$60,000	10%	Calc.	90%	Calc.
9	\$60,000	10%	Calc.	90%	Calc.
10	\$60,000	10%	Calc.	90%	Calc.

+ Note: The ATAB amount may be modified if the permanent property tax capacity is reduced from the 100% presently reflected in Table B-1 (ATAB= \$60,000 per year). Partial years of tax abatement will be prorated as required.

#### **Potential Future Tax Capacity Abatement Amount Equation (ATAB):**

The following method can be used to determine the new tax abatement amount referred to as ATAB in Table B-1 if net tax capacity is authorized for property tax reduction (beyond the current tax abatement then the new ATAB will be determined as:

ATAB = \$60,000 – Cumulative savings realized by Cirrus in the City's portion of property tax reduction for all the Cirrus properties on the Duluth Campus. The DEDA Executive Director will provide the documentation and calculations to Cirrus on an annual basis to document any reduction to the \$60,000 per year amount noted in Table B-1



# City of Duluth

411 West First Street  
Duluth, Minnesota  
55802

## Certified Copy

Resolution: 22-0154R

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File Number: 22-0154R

### RESOLUTION AUTHORIZING A TAX ABATEMENT WITH CIRRUS DESIGN CORP. FOR THE REDEVELOPMENT OF THE FORMER MRO FACILITY AT 4600 STEBNER ROAD

#### CITY PROPOSAL:

BE IT RESOLVED, by the City Council (the "City Council") of the city of Duluth, St. Louis County, Minnesota (the "City"), as follows:

#### Section 1. Purpose and Authorization.

1.01 The City, pursuant to the provisions of Minnesota Statutes, Sections 469.1812 to 469.1815, as amended (the "Act"), is authorized to grant an abatement of a portion of the property taxes imposed by the City on a parcel of property (the "MRO Property"), which property is identified by the list of parcel identification numbers from the St. Louis County Auditor shown on Exhibit A upon which is located the MRO facility owned by the Duluth Economic Development Authority, through the adoption of a resolution approving an abatement agreement specifying the terms of the abatement if certain conditions are met.

1.02 Cirrus Aircraft proposes to lease and redevelop the MRO building located on the MRO Property at 4600 Stebner Road in Duluth, Minnesota and to redevelop the site to expand their manufacturing operations (the "Project").

1.03 Pursuant to the Act, on the date hereof, the City Council conducted a public hearing on the desirability of granting an abatement of property taxes on the MRO Property, which abatement is expected to be benefitted the City as hereinafter set forth.

1.04 Notice of the public hearing was duly published as required by law in the Duluth News Tribune, the official newspaper of the City, on February 26th, 2022, which date is no fewer than 10 and no more than 30 days prior to the date hereof.

Section 2. Findings. On the basis of the information compiled by the City and elicited at the public hearing referred to in Section 1.04, it is hereby found, determined and declared:

2.01 The Project is in the public interest because it will increase and preserve tax base in the City, create at least 80 new jobs, and will redevelop currently underused real property.

2.02 The City expects that the benefits of the proposed abatement are not less than the costs of the proposed abatement. The public benefits that the City expects to result from the abatement are the increase in tax base created by the Project and the creation of at least 80 new well-paid jobs in the City, retention of 1,206 current positions, and will redevelop currently under used real property.

2.03 The Properties are not currently located in a tax increment financing district.

2.04 The granting of the proposed abatement will not cause the aggregate amount of abatements granted by the City under the Act in any year to exceed the greater of (i) 10% of the City's net tax capacity for the taxes payable in the years to which the abatement applies, or

(ii) \$200,000.

2.05 It is in the best interests of the City to grant the tax abatement authorized in this Resolution.

2.06 Under Section 469.1813, subdivision 9 of the Act, it is not necessary for the City to obtain the consent of any owner of any of the Properties to grant an abatement.

### Section 3. Granting of Tax Abatement.

3.01 The proper city officials are hereby authorized to enter into a tax abatement agreement, substantially in the form of that attached hereto as Exhibit B, with Cirrus Design Corp. for the abatement of a portion of the property taxes levied by the City on the MRO Property for 10 years, commencing with taxes payable in 2022 and concluding with taxes payable in 2032 unless the maximum amount of the abatement is provided prior to that date in which case, abatement shall thereafter cease. The Abatement will reduce all of the City's portion of the taxes for the MRO Property, and the Abatement will not exceed \$60,000 per year and a total aggregate amount of not to exceed \$600,000. Abatement payments will be made only from property tax proceeds received by the City from the Project and may be reduced as outlined in the attached tax abatement agreement.

3.02 The City shall remit the Abatement amounts only to reimburse for a portion of the costs of constructing the Project.

3.03 The Abatement may be modified or terminated any time by the Council in accordance with the Act.

This Resolution was adopted.

Absent: Councilor Awal

I, Ian B. Johnson, City Clerk of the City of Duluth, Minnesota, do hereby certify that I have compared the foregoing passed by the city council on 3/10/2022, with the original approved and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth.

Ian B Johnson

08/16/2022

Date Certified

### Form of Seller's Affidavit

[illegible]

1. 1. He/She is a \_\_\_\_\_ of DULUTH ECONOMIC DEVELOPMENT AUTHORITY, an economic development authority under Minnesota Statutes (1989) Chapter 469 (“DEDA”), which is named (i) as Seller in that certain Bill of Sale dated \_\_\_\_\_, 2023, regarding the sale of certain improvements (the “Improvements”) and personal property (the “Personal Property”) located on the real property described on the attached Exhibit A (the “Premises”) to Cirrus Design Corporation d/b/a Cirrus Aircraft (“Cirrus”), a Wisconsin Corporation.

3. There have been no:

- a. Bankruptcy proceedings involving DEDA, or dissolution proceedings involving DEDA during the time said DEDA has had any interest in the Improvements and the Personal Property;
- b. Tax liens filed against DEDA; except as here in stated: **NONE**.
- c. Unsatisfied judgments of record against DEDA nor any actions pending in any courts, which affect the Improvements and the Personal Property: **NONE**.

4. Any bankruptcy or company dissolution proceedings of record against any company, parties or entities with the same or similar names, during the time period in which DEDA had any interest in the Improvements or the Personal Property, are not against the above named DEDA.

5. Any judgments or tax liens of record against a company with the same or similar names are not against the above named DEDA.

6. There have been no labor or materials furnished to the Premises at the request of or for the account of DEDA for which payment has not been made.

7. To the best of Affiant's current actual knowledge, there are no unrecorded contracts, leases, easements or other agreements or interest relating to the Premises, except for the Ground Lease and that certain Sub-Lease Agreement between the City of Duluth and Cirrus dated October 10, 2002 (the "Sublease Agreement").

8. To the best of Affiant's current actual knowledge, there are no persons in possession of any portion of the Premises other than pursuant to a recorded document or except for Cirrus pursuant to the Sublease Agreement.



9. There are no encroachments or boundary line questions affecting the Premises of which Affiant has current actual knowledge except as stated herein: NONE.

Affiant knows the matters herein stated are true and makes this Affidavit for the purpose of inducing the passing of title to the Improvements and the Personal Property to Cirrus.

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

Subscribed and sworn to before me  
this \_\_\_\_ day of \_\_\_\_\_, 2023

\_\_\_\_\_  
Signature of Notary Public or Other Official

## EXHIBIT F

### **ESTOPPEL CERTIFICATE**

The undersigned, on behalf of the DULUTH AIRPORT AUTHORITY (“DAA”) hereby certifies and confirms to and agrees with CIRRUS DESIGN CORPORATION, a Wisconsin corporation (“Sublessee”) as follows: [

1. DAA as Landlord and DULUTH ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic and political subdivision under Minnesota Statutes Chapter 469 (“Previous Tenant”) are the original parties to that certain Airport Ground Lease dated as of August 12, 1993 (the “Ground Lease”), A correct and complete copy of the Ground Lease and all amendments thereto are attached hereto as Exhibit B.

2. Pursuant to an Assignment of Rights and Ground Lease and Consents dated February 5, 2002, a correct and complete copy of which is attached as Exhibit C (the “2002 Assignment”), City is the current tenant under the Ground Lease as to that portion of the leasehold property described on the attached Exhibit A (the “Premises”). Note that the Ground Lease also includes property that is not subject to the 2002 Assignment and is not addressed in this Estoppel Certificate.

3. DAA understands that City intends to sublease the Premises to Sublessee pursuant to a sublease agreement (the “2023 Sublease Agreement”). On the date of commencement of the term of the 2023 Sublease Agreement, Sublessee shall become the tenant of the Premises under the 2023 Sublease Agreement. Notwithstanding any provision to the contrary in the Ground Lease, DAA, to the extent that DAA’s consent is required under the Ground Lease, hereby consents to the 2023 Sublease Agreement and affirms that from and after the date of commencement of the term of the 2023 Sublease Agreement, Sublessee shall enjoy all of the rights and benefits of a tenant under the 2023 Sublease Agreement; provided that Sublessee, and its successors and assigns, shall use the Premises for aeronautical purposes or uses, which permitted uses include but shall not be limited to aircraft manufacturing, testing, servicing, sales and training.

4. As to the Premises, the Ground Lease is in full force and effect in accordance with its terms and, as to the Premises, the leasehold interest has been assigned to City, but has not been supplemented, modified or otherwise amended other than to renew the initial term.

5. To DAA’s knowledge, there are no present defaults under the terms and conditions of the Ground Lease as they effect the Premises, and no event has occurred which, with the giving of notice or passage of time, or both, could result in such a default.

6. The current expiration date of the Ground Lease is December 31, 2043 with an option to renew for an additional twenty-five (25) year term. Subject to and upon the terms of the 2023 Sublease Agreement, Sublessee shall be permitted to exercise the renewal option under the Ground Lease.

7. The rent and other charges due under the Ground Lease are currently paid in full through \_\_\_\_\_, 20\_\_\_\_.

8. DAA currently holds a Security Deposit (as defined in the Lease) from Current Tenant equal to \$0.00.

This Estoppel Certificate and the representations made herein are given by Landlord with the knowledge that Sublessee and other third parties, including any party providing financing to Sublessee in connection with the 2023 Sublease Agreement (any such party, a "Lender"), may rely upon the truth, accuracy and completeness of this certification. This Estoppel Certificate shall be binding upon the Landlord and its successors and assigns, and shall inure to the benefit of Sublessee, its respective successors and assigns, and any Lender.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

**LANDLORD:**

Duluth Airport Authority

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Cirrus Design Corp.

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT G  
COVENANTS OF USE