



EXHIBIT B



Planning & Development Division
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Chris Fleege: **Sent via email** cfleege@DuluthMn.gov
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11/18/2022

Dominique McLeggan-Brown
Attorney Advisor
U.S. Department of Commerce
Economic Development Administration
Chicago Regional Office
230 S Dearborn St
Chicago, IL 60604

RE: Grant Award **06-01-04577 – Federal** Release of Property; U.S. Department of Commerce Economic Development Administration (EDA) - Economic Development Grants for Public Works and Economic Development

Ms. McLeggan-Brown,

The City of Duluth is pleased to submit closeout information for Grant Award **06-01-04577**, \$3,450,000, received from the U.S. Department of Commerce Economic Development Administration. The City of Duluth seeks with this documentation a Federal Release of the property with the expiration of the mortgage in October, 2022 per CFR Title 13, Chapter 314.3.

Since 2001, the EDA invested \$3,450,600 with the City of Duluth, Minnesota to partner in the construction of a city-owned building at the Duluth International Airport. This project, which supports advanced aircraft manufacturing, met its goal of creating higher-skill, higher-wage employment opportunities during a period hard-hit by a declining iron mining industry.

The purpose of the grant award was met with the construction of a City-owned building at the Duluth International Airport, including parking, to lease for business and manufacturing. All required financial and program reporting has been submitted and receipt acknowledged. The original project cost for construction of the building was \$5,751,000, this amount included the necessary local match requirement. As a result of

these activities, the grant award supported the creation of 233 permanent jobs at the new facility, through the manufacturing tenant Cirrus Aircraft.

The City of Duluth matched this project beyond the requirement, with \$3,400,000 through a city bond, and \$2,000,000 in support from the Duluth Economic Development Authority (DEDA). The City worked directly with Cirrus Aircraft as a partner in leveraging additional funding for this project, including utilizing a MN Investment Fund award for equipment. The EDA award leveraged private sector dollars, and with partnership from Cirrus Aircraft through rent and improvements, led to the total investment in the project of closer to \$6.65 million. The 2022 estimated market tax valuation (EMV) of the building is now \$4,251,600 as a result of the project, with the City contracting for an independent party to provide an appraisal of the building to set the Fair Market Value (FMV) amount.

Construction began on schedule, with completion October, 2002 and the mortgage officially recorded October 15th, 2002. The tenant Cirrus Aircraft began occupying the 63,000-square-foot aviation incubator building upon completion and remains the current tenant. Dubbed the "Incubator Building," the project site was successful in assisting the small aircraft manufacturer in their exponential expansion and continued footprint in Minnesota.

Cirrus Aircraft is the recognized global leader in personal aviation and the maker of the best-selling SR Series piston aircraft and the Vision Jet. The company has seven locations in the United States, and is headquartered in Duluth, MN. This project and investment by EDA, City of Duluth, and the State of MN has been an outstanding success for Duluth as well as the broader Northeastern Minnesota Region. Though the use of the incubator space, Cirrus Aircraft has expanded and now employs over 1,300 employees on their Duluth campus alone.

The City of Duluth is currently working with Cirrus on additional expansion plans for the Duluth campus and their continued occupancy of the Incubator Building is a key part of this work. Recently, Cirrus Aircraft has purchased an additional 189,000 sqft Maintenance Repair and Operations (MRO) facility for research and development in Duluth with the goal of hiring over 150 new positions.

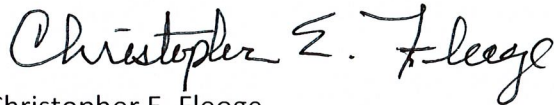
The Incubator Building will continue to be a critical space for Cirrus's future sustained manufacturing activity as well as provide room for growth. The building will provide critical manufacturing space, flight line, and post paint assembly operations, as well as office space for Human Resources. Flightline space is needed, as it is the last step to the completion of the aircraft to certify it for air worthiness. Other assembly and manufacturing uses for the building will be for testing and adjustment performed on the flightline, before they are flown for delivery to the customer.

The EDA funded project created the infrastructure to stimulate large-scale private investment, stabilized and maintained the local economic base by securing the headquarters of a manufacturer, and diversified the local economy to launch an aviation sector in Duluth. As result, the City has become a major aviation corridor, with the attraction of companies like AAR Inc., and adding downline purchasing opportunities with local businesses.

The original EDA grant identified a project life expectancy of 20 years. The twenty-year term of the mortgage was satisfied on Oct. 16th 2022 and the City wishes to sell the building for fair market value to Cirrus Aircraft to support their ongoing expansion efforts. The City of Duluth is providing this letter to meet the requirements to notify EDA to secure the Federal release (by EDA) of the building to allow for the sale. With the permission of the EDA, the City intends sell of the building through a development agreement at the Fair Market Value.

As noted above, the future use of the building will continue to be for aircraft manufacturing as was originally outlined in the EDA contract agreement, and Cirrus Aircraft understand that they will still need to meet the Federal requirements for non-discrimination and prohibiting use of the building for religious activities outlined in the original contract agreement. Please feel free to reach out to me if you have any additional questions.

Best Wishes,

A handwritten signature in black ink that reads "Christopher E. Fleege". The signature is written in a cursive style with a large, stylized initial 'C'.

Christopher E. Fleege

Director, Planning and Economic Development

City of Duluth