



Legislation Details (With Text)

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Title: RESOLUTION AUTHORIZING AN EXTENTION OF THE LEASE WITH THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY REGARDING CERTAIN PROPERTY AT THE DULUTH INTERNATIONAL AIRPORT RELATED TO CIRRUS DESIGN CORPORATION

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RESOLUTION AUTHORIZING AN EXTENTION OF THE LEASE WITH THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY REGARDING CERTAIN PROPERTY AT THE DULUTH INTERNATIONAL AIRPORT RELATED TO CIRRUS DESIGN CORPORATION

CITY PROPOSAL:

RESOLVED, by the City Council of the City of Duluth (the "City") that pursuant to the authorization contained in Article V of the Lease between the Duluth Economic Development Authority ("DEDA") and Industrial Resources Corporation ("IRC") dated August 5, 1993, and filed on August 12, 1993 in the office of the St. Louis County Registrar of Titles as Document No. 568875 which Lease was ultimately assigned to the City, the City hereby exercises its option to renew the Lease and extend the lease of the property described below at the Duluth International Airport for a second term of twenty-five years:

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.

STATEMENT OF PURPOSE: In 1993, DEDA entered into a Ground Lease with the Duluth Airport Authority for the purpose of subletting the property to Cirrus Design Corporation to facilitate Cirrus' construction and operation of a facility at the Airport which serves as corporate headquarters and a design and manufacturing facility for the design and manufacture of light aircraft. The property was subleased to Industrial Resources Corporation (a Cirrus affiliate). The rights in that portion of the property described above were ultimately assigned to the City which had obtained an EDA grant to construct a building to lease for business and manufacturing (the Cirrus incubator). The incubator was constructed on the subject property, and the City entered into a Sublease Agreement with Cirrus Design Corporation which expires in September of 2022.

The term of the Ground Lease between the DAA and DEDA expires on December 31, 2018. The Ground Lease provides that it may be renewed for a second term of twenty-five years at the option of DEDA. The sublease between DEDA and Industrial Resources Corporation ("IRC") provides that the term of the sublease is coextensive with the term of the Ground Lease. It also provides that the term of the sublease may be

extended by IRC in accordance with the provision for extension of the Ground Lease. By this resolution, the City of Duluth, as assignee of the IRC sublease, is authorizing an extension of the sublease with respect to the subject property for a second twenty-five year term.