



Legislation Text

File #: 22-0737R, **Version:** 1

RESOLUTION APPROVING A DEDA PURCHASE AGREEMENT WITH CIRRUS DESIGN CORPORATION D/B/A CIRRUS AIRCRAFT CONVEYING THE MRO BUILDING.

CITY PROPOSAL:

RESOLVED, that, pursuant to Resolution 10-0229, the city council hereby approves DEDA Resolution No. 22-51 authorizing the conveyance of the MRO building and the assignment of the underlying ground lease to Cirrus Design Corporation d/b/a Cirrus Aircraft, substantially in the form of that attached hereto as Exhibit A, authorizing the conveyance of the MRO building to said corporation under the terms and conditions set forth therein including the reimbursement of said corporation for up to \$470,000 in costs for environmental and other remediation work required in the building.

STATEMENT OF PURPOSE: The purpose of this agreement is to approve the sale of the MRO building to Cirrus to further facilitate their expansion of the development and manufacturing facilities in Duluth.

DEDA originally became the owner of the MRO building nearly 20 years ago as a result of the bankruptcy of Northwest Airlines and their vacation of the building. Aside from the seven or eight years that the building was leased to AAR, it has been substantially vacant and DEDA has incurred substantial expenses for required capital repairs as well as ordinary, routine operations and maintenance.

Cirrus needs significant additional space at the Airport to expand its manufacturing operations and wishes to acquire the MRO building so that it can relocate existing office and research and development facilities to the MRO, so it can convert the space currently occupied by these uses to manufacturing.

The Purchase Agreement approved by DEDA at its August 24th, 2022, meeting would convey the building and assign the existing Ground Lease for the property on which it is located to Cirrus at a nominal cost. In addition, DEDA would contribute up to \$470,000 to remediation of carcinogenic materials in the fire fighting systems and making necessary repairs to it. Cirrus would guarantee to create at least 80 new jobs in the facility and it is anticipated that they would expend \$10-15 Million in additional improvements to the facility.