

**MEETING OF THE  
DULUTH ECONOMIC DEVELOPMENT AUTHORITY  
Wednesday, December 16, 2009 - 6:00 p.m.  
City Council Chambers, 3rd Floor City Hall**

**Call To Order:** The December 16, 2009, meeting of DEDA was called to order by President Anderson at 6:00 p.m.

**Present:** Jeff Anderson, Tony Cuneo, Todd Fedora, Brian W. Hanson, John Heino, Don Monaco

**Absent Excused:** Christine Townsend

**Others Present:** Bob Asleson, Joan Christensen, Terri Fitzgibbons, Bill King (Cirrus), Chris Maddy, David Montgomery, Mayor Ness, Peter Passi (Duluth News Tribune), Kevin Scharnberg, Brent Wouters (Cirrus)

**APPROVAL OF MINUTES:** November 18, 2009. Heino/Monaco to accept as written.  
Vote: Unanimous (6-0)

**RESOLUTIONS FOR APPROVAL**

**NEW BUSINESS**

1. **RESOLUTION 09D-47: RESOLUTION AUTHORIZING AN AGREEMENT WITH NORTHSPAN GROUP INC. PERTAINING TO THE NORTHLAND CONNECTION REGIONAL MARKETING, BUSINESS RECRUITMENT, DATA MANAGEMENT, AND ANALYSIS PROGRAM FOR 2010 IN THE AMOUNT OF \$15,000**

**Staff:** Timm-Bijold stated historically DEDA has supported this entity. The organization responds to all business inquiries within 24 hours, makes referrals, maintains a database, as well as other activities related to economic development. The amount of this resolution is an increase of \$2,500; however, the DEDA and Business Development office staffing is at an all-time low and this agreement provides valuable staff support.

**Vote on Resolution 09-47:** Passed Unanimously (6-0)

2. **RESOLUTION 09D-48: RESOLUTION APPROVING THE DECERTIFICATION OF TAX INCREMENT FINANCING DISTRICT NO. 10 a/k/a COUNTY DISTRICT NO. 39**

**Staff:** Timm-Bijold stated this district was established in 1990 and it was anticipated at that time that it may be decertified early. All projects in this district have been completed, so staff recommends it be decertified.

**Vote on Resolution 09-48:** Passed Unanimously (6-0)

### 3. RESOLUTION 09D-49: RESOLUTION ADOPTING THE 2010 DEDA BUDGETS

Anderson stated the proposed budget reflects an organization in a "holding pattern" as strategic planning is yet to be done. The former Northwest Maintenance Facility is also absent from the 2010 budget.

**Staff:** Timm-Bijold provided an overview of the budget.

**Discussion:** Heino asked about Cirrus items. Scharnberg explained the lease agreement with the Airport is passed through DEDA to Cirrus and that's why you'll find both rent revenue (from Cirrus) and rent expense (to the airport) in the Operating Budget. Monaco questioned why there were TIF housing districts still included in the capital improvement fund. Scharnberg stated that there are three housing TIF districts still remaining. Timm-Bijold added that the housing districts are reflected in our budget as we are contracting with HRA to administer housing projects on our behalf.

**Vote on Resolution 09-49:** Passed Unanimously (6-0)

#### DISCUSSION

##### 1. CIRRUS

Brent Wouters, CEO of Cirrus, stated Cirrus is in a position today to address obligations that exist with DEDA and the City due to the strength of their business. Wouters reviewed the business and its financial status. He then discussed their strategy for adapting and growing for the future. Cirrus has a fairly aggressive product development strategy.

**Discussion:** Fedora asked about how Grand Forks is working with Cirrus. Wouters stated the media coverage has been portraying Cirrus negatively despite the positive and supportive relationships between Cirrus and the municipalities of Duluth and Grand Forks. Wouters stated their business is strong enough to work towards a solution.

Cuneo confirmed two-thirds of this class of airplanes being bought in the world are from Cirrus; Wouters confirmed.

Monaco asked about the shareholder sentiment. Wouters stated the shareholders locally debated about changes in management, direction, and philosophy though they do have support from many shareholders.

Hanson asked about the capacity for 2012. Wouters stated Cirrus can produce 20 to 24 airplanes per week. Wouters stated with their new efficiencies they do not need as much space including at the former Northwest Maintenance Facility.

Heino asked about the future relationship between DEDA and Cirrus should the company succeed. Wouters stated that the long-term success of Cirrus is dependent on their ability to make capital investments and move their debt obligation into the future.

Ness appreciated the forthright reflection of Cirrus' struggles. The City and DEDA are committed to the long-term success of Cirrus and have invested as such. It would be short-sighted to discount those efforts. Ness requested input from commissioners as the Administration continues to negotiate towards a solution. Ness stated we have a responsibility to protect the public interest.

Wouters stated they want to work out a solution, are committed to the City of Duluth, and appreciate their relationship with the City. Wouters stated the cost structure here benefits them as opposed to relocating the business elsewhere.

## **2. 2010 ELECTION OF OFFICERS**

Anderson advised Commissioners to consider the election of officers which will occur at the January meeting. Anderson will not be seeking the position of DEDA President for the year 2010. An agenda session may be scheduled prior to the January meeting.

ADJOURNMENT: President Anderson adjourned the December 16, 2009, meeting of the DEDA at 6:55 p.m.

Respectfully submitted,



Heidi Timm-Bijold  
Interim Executive Director

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