



Grand Forks Growth Fund, a Jobs Development Authority
Staff Report
Growth Fund Committee – May 19, 2025
JDA – June 2, 2025

APPROVED & ACCEPTED
by City Council
Maureen Storstad
Maureen Storstad
City Auditor
06/02/2025

Agenda Item: PACE Loan Request from Cirrus Industries

Submitted by: Andy Conlon, Economic Development Manger

Staff Recommended Action:

1. Approve request for PACE loan of \$269,231 to buy down the interest rate on commercial loan;
 2. Hold a public hearing on this request at the JDA meeting on June 2, 2025;
 3. Authorize JDA officials to execute necessary documents.
-

Committee Recommended Action: Holth moved to approve the request, second by Wolf. Motion carried 5-1 with Osowski dissenting.

JDA Action: Motion by Sande, second by Berg to approve. Motion carried 5-1 with Osowski dissenting.

Cirrus Industries, Inc. (Cirrus) is a primary sector certified global leader in personal aviation manufacturing, sales, and flight training services. The company operates an approx. 170,000 sf facility in the industrial park where the composites component of their aircraft manufacturing and sales business is housed. Due to anticipated growth, Cirrus is planning a major 30,000 sf expansion to their facility, with an additional 60,000 – 90,000 sf expansion possible as a future phase. The project will enable Cirrus to increase production capacity, streamline processes, and incorporate advanced technologies, which will lead to higher output and improved product quality.

The expansion project is an estimated investment of approx. \$22.4 million, \$10.5 million of which will include the purchase of various pieces of equipment supporting the company's production lines and additional warehousing and storage systems, including a new ply-cutter and associated automation processes, a generator, freezer, and improved HVAC, among other items. These equipment purchases will be financed in part by a Wells Fargo loan, the interest on which Cirrus is requesting PACE assistance to buy down.

Job/Compensation Information: Cirrus expects this project will help retain 502 FTE's with an average hourly compensation of \$34.01 in wages and benefits.

Sources:

Owner Equity	\$ 1,053,333
Wells Fargo Loan	<u>\$ 9,480,000</u>

Uses:

TOTAL:	\$ 10,533,333
Equipment/Machinery	\$ 9,533,333

Other	<u>\$ 1,000,000</u>	TOTAL:	\$10,533,333
PACE Interest Subsidy Loan:	BND Grant	\$ 500,000	
	JDA Loan	\$ 269,231	

Terms: Payment and interest accrual will be deferred 3 years; thereafter it will be repaid in a balloon payment. Should there be any delay in repayment, interest accrue will accrue at 2.5%.

Security: Initial subordinate UCC filing on all current equipment in the Grand Forks facility, followed by subordinate UCC filing on newly purchased equipment, and corporate guaranties from Cirrus Design Corporation and Dakota Aircraft Corporation.

ANALYSIS AND FINDINGS OF FACT:

- As proposed, the JDA loan would be subordinate to a Wells Fargo loan of \$9,480,000, putting loan-to-value at approximately 97.24%.
- The request complies with Growth Fund policies and procedures.
- Cirrus has received various loans from the Growth Fund in the past; all have been fully repaid.
 - Loan #1070 – PACE \$122,202.59: Approved 10/24/2005; Repaid 4/20/2016
 - Loan #1071 – PACE \$122,202.59: Approved 10/24/2005; Repaid 4/20/2016
 - Loan #1055 – JDA \$1,000,000: Approved 12/14/2009; Repaid 11/25/2019
 - Loan #3029 – EDA RLF \$500,000: Approved 5/9/2006; Repaid 11/25/2019
 - Loan #3038 – EDA RLF \$500,000: Approved 3/18/2013; Repaid 11/25/2019
- Cirrus Industries is publicly traded on the Hong Kong Stock Exchange and as such, additional due diligence has been conducted. Mayor Bochenski has followed up with the US Department of Defense (DoD), US Department of the Air Force (DAF), Grand Forks Air Force Base, related to the Cirrus investment and expansion. The DAF representative, Daniel Burke, has provided that “neither the DAF nor our DoD counterparts have any concerns or objections regarding the proposed expansion of the Cirrus facility.”

SUPPORTING MATERIAL:

- Business Financing Application

Program Overview

Completed by ajordan@cirrusaircraft.com on 4/7/2025 3:13 PM

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

Program Overview

Please provide the following information.



City of Grand Forks
PACE/Flex PACE
Interest Buy Down
Program Application

Grand Forks Region EDC
120 N. 4th Street
Grand Forks, ND 58203
(701) 746-2724
kevinh@grandforks.org

Program Overview

PACE Loan

Through the Participating in Assisting Community Expansion (PACE) program, the Grand Forks Growth Fund may provide a no-interest, deferred loan up to \$269,000 to leverage a Bank of North Dakota grant up to \$500,000 to collectively reduce the interest paid on a loan used to acquire land or equipment or for working capital. Projects considered for PACE are those that result in the creation of new jobs. Applicants must be primary sector certified through the North Dakota Department of Commerce.

Flex PACE

For companies that do not fit the traditional definition for the PACE program, FlexPACE may be an option. The Grand Forks Growth Fund may provide a loan up to \$107,000 to leverage Bank of North Dakota support up to \$200,000. The FlexPACE program is used for a variety of project types including childcare centers and quality of life investments.

A. Contact Information

Completed by ajordan@cirrusaircraft.com on 4/24/2025 11:37 AM

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

A. Contact Information

Please provide the following information.

A.1. Business Name

Cirrus Industries, Inc

A.2. Federal Tax Identification Number

A.3. Primary Contact Name

Anne Jordan

A.4. Title

Sr. Mgr - Treasury & Risk Management

A.5. Phone

A.6. Email

ajordan@cirrusaircraft.com

A.7. Date Business Established

2/13/1996

A.8. Legal Structure

Corporation

A.9. Business Address

4515 Taylor Circle Duluth, MN 55811

A.10. Company Description

Cirrus Industries manufactures and designs general aviation aircraft

A.11. What loan type are you applying for?

PACE

B. Project Information

Completed by kevinh@grandforks.org on 5/8/2025 10:16 AM

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

B. Project Information

Please provide the following information.

B.1. Project Description

The company's manufacturing operation of the composites component for their aircraft resides in the City's industrial park and plans to expand to 30,000 square feet to their current 170,000 square foot facility. The expansion will assist Cirrus Aircraft's growth plans related to new production lines and an increase in warehousing and improved storage systems. This summer's footprint expansion will be the first phase towards potentially a future 60,000 to 90,000 square foot expansion.

Cirrus Aircraft is pursuing a 10-year, 100% payment in lieu of tax (PILOT) through the City of Grand Forks for the full 30,000 square foot project along with its first phase of maximizing Bank of North Dakota's PACE program for the equipment purchase related to the expansion. The company's purchasing plans include new ply-cutter, automation processes related to the ply-cutter, a generator, freezer, and upgraded HVAC system. Project is expected to take a year to complete (2025 - 2026).

B.2. Project Address

1400 S 48th St Grand Forks, ND 58201

B.3. Current Number of Employees

502

B.4. Projected Number of Employees (within 24 months)

502

B.5. Current Average Hourly Wage Plus Benefits

\$34.01

B.6. Projected Average Hourly Wage Plus Benefits

\$34.01

B.7. Describe the benefits that will be offered.

Health, Dental, Vision, 401K, short-term and long-term disability, life insurance and other voluntary offerings.

LENDER INFORMATION

B.8. Primary Lender

Wells Fargo Bank

B.9. Lender Contact Person

Mark Lundquist

Printed By: Andrew Conlon on 5/14/2025

B.10. Lender Phone

B.11. Lender Email

mark.t.lundquist@wellsfargo.com

C. Sources & Uses

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

Completed by kevinh@grandforks.org on 4/25/2025 9:55 AM

C. Sources & Uses

Please provide the following information.

C.1. Sources

	Lender/Source Name	Rate	Months Amortized	Term Months	Amount
Equity	Cirrus Aircraft	0.00%			\$1,053,333.00
Source A	Wells Fargo	7.50%	36	36	\$9,480,000.00
Source B		0.00%			\$0.00
Source C		0.00%			\$0.00
Source D		0.00%			\$0.00
Source E		0.00%			\$0.00
Source F		0.00%			\$0.00
	Debt Financing Total				\$10,533,333.00

C.2. Uses

Use of Funds	Equity	Source A	Source B	Source C	Source D	Source E	Source F	Total Uses
Working Capital	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Inventory	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Machinery/Equipment	\$1,053,333.00	\$8,480,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,533,333.00
Building Fit-Up	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Acquisition/Land	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
New Bldg. Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$1,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000,000.00
Total Sources	\$1,053,333.00	\$9,480,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,533,333.00

NOTE: Include a detailed explanation of uses of funds, including specific equipment (if applicable), on a separate page.

C.3. PACE Buydown Information

Lending Entity	Term Months	Amortization Months	Rate	Amount
Bank of North Dakota (Rate: 0% - Months Amortized: 0)				\$0.00

Grand Forks Growth Fund (Rate: 1% - Months Amortized: 12)				\$0.00
Bank of North Dakota				\$500,000.00
Grand Forks Growth Fund	36	36	2.50%	\$269,231.00

D. Valuation & Security

Completed by kevinh@grandforks.org on 5/14/2025 12:03 PM

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

D. Valuation & Security

Please provide the following information.

D.1. How will the loan be secured?

- Mortgage
- UCC Equipment Lien
- Corporate Guaranty
- Personal Guaranty
- Other

VALUE OF COLLATERAL

D.2. Value

\$10,533,333.00

D.3. Proposed Growth Fund Security Position

2nd Position

D.4. Address of Secured Property

1400 S 48th Street Grand Forks, ND 58201

D.5. Private Debt Secured by Property (include existing & proposed private debt) - Select "Add a Row" to complete the table

Creditor	Amount
Wells Fargo	\$9,480,000.00
Total Private Debt Secured by Property	\$9,480,000.00

D.6. Proposed Growth Fund PACE/FlexPACE Loan

\$269,231.00

D.7. Total Proposed Debt Secured by Property

\$9,749,231.00

D.8. Proposed Growth Fund Loan-to-Value

97.24%

EQUITY

D.9. Describe equity sources and how they will be obtained and appraised.

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Valuation of purchased equipment at \$10,533,333, company will inject 10% of cost

GUARANTY

D.10. List all guarantors in the table below. Select "Add a Row" to complete the table below.

Name	Amount
Dakota Aircraft Corporation	\$9,480,000.00
Cirrus Design Corporation	\$9,480,000.00

E. Additional Company Information

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

Completed by ajordan@cirrusaircraft.com on 4/25/2025 10:10 AM

E. Additional Company Information

Please provide the following information.

E.1. Company Ownership

Name	% Ownership	Address	Phone
AVIC (owns CAIGA PRC)	79.39%	China (PRC)	
CAIGA PRC (Owns CAIGA HK)	100.00%	China (PRC)	
Public Shareholders (Owns Cirrus Aircraft Ltd)	15.00%	Various	
CAIGA Hong Kong (Owns Cirrus Aircraft Ltd)	85.00%	Hong Kong	
Cirrus Aircraft Limited (Owns Cirrus Industries, Inc)	100.00%	Cayman Islands	
Organization Structure Document Provided	0.00%		

E.2. Company Management

Name	Title	Address	Phone
Zean Nielsen	Director & CEO		
George Letten	EVP & CFO		
William Todd Simmons	President		
Patrick Waddick	President		

E.3. Key Advisors

	Name	Firm/Company	Email	Phone
Attorney	Dan Mumford	Cirrus Aircraft	dmumford@cirrusaircraft.com	
Accountant	Bindu Jacob	Cirrus Aircraft	bjacob@cirrusaircraft.com	
Insurance Agent	Tricia Stone	Lockton	tricia.stone@lockton.com	

NOTE: All persons for whom contact information has been provided may be contacted as part of the Grand Forks Growth Fund's review and evaluation of this application.

F. Required Documents

Completed by ajordan@cirrusaircraft.com on 4/25/2025 10:18 AM

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

F. Required Documents

Please provide the following information.

Documentation

Business Plan / Business Opportunity Summary *Required

Business Opportunity Statement.docx

Commitment Letter from your bank relating to financing project *Required

2025.04.25 Cirrus Wells Fargo Support Letter 4.25.25.pdf

Commitment Letter from your bank relating to working capital line of credit *Required

2025.04.25 Cirrus Wells Fargo Support Letter 4.25.25.pdf

Federal Tax Returns for previous 3 years for all entities on application *Required

Tax Returns.docx

Interim Financial Statements (Balance sheet & income statement) *Required

Financial Statements.docx

Key Person Insurance *Required

Bank Related Documents.docx

Personal Financial Statement (for all guarantors) *Required

Bank Related Documents.docx

Pro Forma *Required

Bank Related Documents.docx

G. Company Disclosures

Completed by ajordan@cirrusaircraft.com on 4/24/2025 8:59 AM

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

G. Company Disclosures

Please provide the following information.

G.1. Will the loan be secured by equipment/business assets?

Yes

If yes, provide detailed descriptions of said equipment/assets.

Industrial Freezer HVAC Ply-Cutting Automation Ply-Cutter Generator Tooling

G.2. Has the company or any of its principals ever been involved in bankruptcy or insolvency proceedings?

No

G.3. Is the company or any of its principals involved in any pending lawsuits?

No

G.4. Does the company buy from, sell to, or use the services of any company in which someone in the company has a significant financial interest?

No

G.5. Are any of the company's existing loans delinquent?

No

G.6. Are there any judgments against the company or any of its principals?

No

Submit

Completed by ajordan@cirrusaircraft.com on 5/1/2025 10:08 AM

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

Submit

Please provide the following information.

The undersigned specifically acknowledge(s) that: (1) verification or re-verification of any information contained in the application may be made at any time by the Grand Forks Growth Fund, a Jobs Development Authority (Growth Fund), its agents, successors, and assigns; either directly or through a credit reporting agency from any source named in this application and the original copy of this application will be retained by the Growth Fund, even if the request is not approved; (2) the Growth Fund, its agents, successors, and assigns will rely on the information provided in this application and I/We, the undersigned, have a continuing obligation to amend and/or supplement the information provided in this application if any of the materials facts which I/We have represented herein should change prior to closing; and (3) in the event my/our payments indicated in this application become delinquent, the Growth Fund, its agents and assigns may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency.

I/We, the undersigned, understand and acknowledge that this application is considered public record and the information contained herein may be discussed at public meetings. Conditions limiting public disclosure of certain proprietary and/or confidential information are outlined and governed by North Dakota Century Code Sections 44-04-17 through 44-04-20

I/We, the undersigned, authorize the Growth Fund, its agents, successors, or assigns, to make all inquiries it deems necessary to verify the accuracy of the information contained herein and to determine the credit worthiness of the undersigned.

I/We, the undersigned, authorize all lenders named herein, and their agents, successors, and assigns, to release information relevant to this application to the Grand Forks Growth Fund and the Grand Forks Region EDC. I/We further authorize the Grand Forks Growth Fund and Grand Forks Region EDC, and their agents, successors, and assigns, to release information regarding this application to those lenders named herein.

I/We, the undersigned, certify that the information provided in this application is true and correct as of this date and that I/We am/are duly authorized to submit this application and understand the conditions set forth herein.

Signature

Anne Jordan

Electronically signed by ajordan@cirrusaircraft.com on 5/1/2025 10:08 AM

Date

05/01/2025

Printed By: Andrew Conlon on 5/14/2025

13 of 17

Equal Opportunity Lender. The Grand Forks Growth Fund, a Jobs Development Authority, does not discriminate against credit applicants on the basis of race, color, religion, national origin, sex, gender, sexual orientation, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Checklist

No data saved

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

Checklist

Please review and confirm the following items.

Application Review	Date	Notes
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Threshold Review Complete		
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Threshold Approval Email Sent		
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Status Updated		
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Approved Applications	Date	Notes
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Environmental Review Completed		
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Agreement Full Executed		
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Purchase Order Received		
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Monitoring	Date	Notes
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Risk Assessment Completed		
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Monitoring Completed		
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Monitoring Follow-up (if applicable)		
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Admin Documents

No data saved

Case Id: 30482

Name: Cirrus Industries, Inc - 2025

Address: 1400 S 48th St, Grand Forks, ND 58201

Admin Documents

Please provide the following information.

Documentation

ACH Transfer Confirmation

***No files uploaded*

Approved Staff Report/Minutes

***No files uploaded*

Corporate Guaranty

***No files uploaded*

Key Person Insurance

Bank Related Documents.docx

Ledger Entry

***No files uploaded*

Loan Agreement

***No files uploaded*

Mortgage

***No files uploaded*

Personal Guaranty

***No files uploaded*

Promissory Note *Required

***No files uploaded*

Security Agreement *Required

***No files uploaded*

Signed Term Sheet *Required

***No files uploaded*

UCC Filing

***No files uploaded*