

## PRELIMINARY MEMORANDUM OF UNDERSTANDING

This Preliminary Memorandum of Understanding is made and entered into this 21st day of January, 2025, by and between **DAKOTA AIRCRAFT CORPORATION**, whose mailing address is 4515 Taylor Circle, Duluth, MN 55811 (d/b/a Cirrus and herein referred to as "Cirrus") and the **CITY OF GRAND FORKS**, a North Dakota municipal corporation whose principal office and mailing address is 255 North 4th Street, Grand Forks, ND 58201 (herein referred to as the "City").

### RECITALS

1. Cirrus currently owns and operates a 170,000 square foot manufacturing facility, as part of its aircraft manufacturing and sale business, located at 1400 South 48<sup>th</sup> Street, Grand Forks, ND 58201 (herein referred to as the "Existing Facility")

2. Cirrus is contemplating the following expansion and improvements the Existing Facility:

(a) A 30,000 square foot addition, having an estimated cost of \$10,500,000 (herein referred to as the "Facility Expansion");

(b) Renovations to the Existing Facility, having an estimated cost of \$1,500,000 (herein referred to as the "Building Renovations"); and

(c) Acquisition and installation into the Existing Facility and Facility Expansion to accommodate its business expansion, having an estimated cost of \$2,500,000 (herein referred to as the "Capital Equipment")

Collectively, the Facility Expansion, Building Renovations and Capital Equipment shall be referred to herein as the "Cirrus GF Expansion."

3. The City recognizes Cirrus' operations at its Existing Facility has a significant positive economic impact upon the City, the residents of the City and the region, including but not limited to providing high paying jobs, enhancing the City's and the region's economic climate, enhancing the City's and the region's property tax base, encouraging other capital investment, and diversifying the City's and the region's economy.

4. The City anticipates that the Cirrus GF Expansion will have the same positive impact upon the City, the residents of the City and the region.

5. The Parties further recognize that certain incentives may be necessary for Cirrus to pursue, construct and acquire the Cirrus GF Expansion, including but not limited to property tax incentives that the City may authorize under N.D.C.C. ch. 40-57.1.

6. The Parties further recognize that at this time the plans and specifications for the construction and acquisition of the Cirrus GF Expansion, and the incentives Cirrus seeks or may seek have not been finalized, completed or approved.

7. Notwithstanding, the Parties wish to enter into this Preliminary Memorandum of Understanding for the purpose of establishing a preliminary and working framework to begin and pursue good faith negotiations between the City and Cirrus to arrive at and execute a mutually agreeable agreement (the "Development Agreement") that will set forth the terms and conditions Cirrus GF Expansion, and incentives Cirrus seeks or may seek.

**NOW THEREFORE, PARTIES AGREE AS FOLLOWS:**

**SECTION 1: DEVELOPMENT/CONSTRUCTION OF CIRRUS GF EXPANSION**

1.1. **Cirrus GF Expansion.** Subject to the City and Cirrus entering into a Development Agreement, as described in Section 3 below, and subject the terms and conditions thereof, Cirrus, at Cirrus' cost and expense, shall create plans and specifications for and cause the construction, acquisition and operation of the Cirrus GF Expansion.

1.2. **Infrastructure.** The City and Cirrus do not anticipate significant public utility or service infrastructure being needed to be constructed or modified for the Cirrus GF Expansion. To the extent any such infrastructure is needed to be constructed or modified to accommodate the Cirrus GF Expansion, then subject to the City and Developer entering into a Development Agreement, and subject the terms and conditions thereof, the City will create plans and specifications for and construct such infrastructure. The payment and financing of the costs, expenses and fees for the design and construction of infrastructure to accommodate the Cirrus GF Expansion will be set forth in the Development Agreement. The Parties acknowledge and understand the payment and financing of infrastructure may be by special assessment pursuant to N.D.C.C. chs. 40-22, 40-23, 40-24, 40-25, 40-26 and 40-27, the City's ordinances and the City's cost share policy.

**SECTION 2: DEVELOPMENT AGREEMENT**

2.1. **Development Agreement.**

2.1.1. The City and Cirrus acknowledge and agree the parameters of the Cirrus GF Expansion are being reviewed and are in preliminary stage of development and creation, and therefore further work and time is required to review, draft and finalize the same.

2.1.2. Accordingly, the City and Cirrus are entering into this Preliminary Memorandum of Understanding to establish a preliminary and working framework to commence and pursue good faith negotiations to arrive at a Development Agreement that will contain terms and conditions relating to the construction and operation of the Cirrus GF Expansion, and any public utility or service infrastructure that may be needed to accommodate the Cirrus GF Expansion.

**3.1.3.** Without limiting the negotiation for such Development Agreement or the terms and conditions that may be agreed upon and set forth in a Development Agreement, the City and Cirrus anticipate the following matters will be addressed by the Development Agreement:

- (a) The plans and specifications for the Cirrus GF Expansion are to be created and reviewed by duly licensed engineers, architects or other qualified professionals.
- (b) Targeted milestones for the commencement and completion of construction, and the commencement of operating the Cirrus GF Expansion.
- (c) Construction and operation of the Cirrus GF Expansion complying with and meeting applicable laws and industry standards.
- (d) The Business Incentives described in Section 3 below.
- (e) The financing and payment for the design and construction of public utility or service infrastructure, which may include being financed and paid through special assessments.
- (f) Conditions precedent required to be satisfied prior to the performance by Developer or the City of the terms and conditions of the Development Agreement.
- (g) Default and remedy provisions.

### **SECTION 3: INCENTIVES AND BUSINESS SUPPORT**

**3.1.** Cirrus has been presented with the following incentives and business support that may be available for the Cirrus GF Expansion (collectively referred to as the “Business Incentives”):

- (a) **10-Year, 100% Payment in Lieu of Property Incentive.** The City will consider and seek approval from Grand Forks County and Grand Forks Public School District of an application from Cirrus for a 10-year, 100% property tax incentive through a payment in lieu of property tax for the Facility Expansion.
- (b) **Interest Subsidy Grants** The Bank of North Dakota’s Participating in Assisting Community Expansion (PACE) program provides grants to reduce interest on a loan used to acquire land, purchase equipment or for working capital. It is anticipated the Developer would be eligible for this PACE program incentive by applications over two (2) biennia of the State of North Dakota, with the first biennium commencing on July 1, 2023 and ending June 30, 2025 and the biennium commencing on July 1, 2025 and ending June 30, 2027.

**3.2.** Cirrus may seek the incentives described in Section 3.1 above, and/or other incentives and other assistance from governmental authorities regarding the construction and

operation of the Cirrus GF Expansion. To the extent it does not conflict with or is not prohibited by applicable law, the City will assist Cirrus in such efforts, which may include, but is not limited to, taking actions in response to reasonable requests by the Developer or the governmental authority.

**3.3.** The Parties acknowledge and agree the decision to grant, in part or in total, the Developer's application for property tax incentive, as described in Section 3.1(b), requires certain findings to be made and also other governmental authorities to consent to the same, and accordingly, nothing herein or by the City agreeing to perform the procedures to have such application considered and acted upon by the City and other governmental authorities is, nor shall it be deemed to be, a promise, obligation or guaranty by the City that the Developer's application for property tax incentive for new or expanding business will be approved.

**3.4.** The Parties acknowledge and agree the decisions to provide Business Incentive described in Section 3.1(b) is made by parties that do not include the City, and accordingly, nothing herein (or by the City assisting or taking efforts for Cirrus to obtain such incentive) is, nor shall it be deemed to be, a promise, obligation or guaranty by the City that any Business Incentive will be provided or afforded to Cirrus.

**3.5.** The Parties further acknowledge and agree the exact scope and details of the Cirrus GF Expansion has not been finalized and is subject to approval by Cirrus and its parent companies. Additionally, that scope is dependent on the actual availability and provision of the Business Incentives described in this Section 3 as well as other support the City may provide in terms of recruitment and training assistance, sales and use tax exemptions on manufacturing equipment purchased to support the Cirrus GF Expansion, and corporate income tax exemptions. Accordingly, nothing herein is, nor shall it be deemed to be, a promise, obligation or guaranty by Cirrus as to the specifics of the Cirrus GF Expansion.

#### **SECTION 4: MISCELLANEOUS PROVISIONS**

##### **4.1. Cirrus Representations.**

**4.1.1.** Cirrus is not in violation of or in conflict with any provisions of the laws of the State or of the United States of America applicable to Cirrus which would impair its ability to carry out the term of this Preliminary Memorandum of Understanding, and the Developer is not and shall not become a threat to, conflict with or be contrary to the operation and security of the City or any federal, state or local governmental authority.

**4.1.2.** Cirrus shall comply with and satisfy all applicable laws (including under N.D.C.C. §§ 11-11-70, 40-05-26, and 47-01-09) relating to ownership interests or investment in the Developer and/or financing of the Developer from (a) any person or entity from a foreign country or identified on the office of foreign assets control sanctions list and/or (b) a foreign governmental body or agency.

**4.2. Assignment.** Cirrus agrees this Preliminary Memorandum of Understanding and the rights, interests, and benefits hereunder will not be assigned, transferred, pledged, or

hypothecated in any way by the Developer. Any attempt at assignment, transfer, pledge, or hypothecation or other disposition of this Agreement or of such rights, interests, and benefits contrary to the foregoing provisions or the levy of any attachment or similar process, will be null and void and without effect.

**4.3. Severability.** If any of the provisions contained herein shall for any reasons be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provisions contained herein.

**4.4. Applicable Law.** This Preliminary Memorandum of Understanding shall be construed and interpreted in accordance with the laws of the State of North Dakota and the Ordinances of the City of Grand Forks.

**4.5. Counterparts.** This Preliminary Memorandum of Understanding may be executed in two or more counterparts, each of which shall be considered an original.

**4.5 Cooperation.** The City and Developer agree to cooperate fully, to execute any and all additional documents, and to take any and all additional actions that may be necessary or appropriate to give full force and effect to the basic terms and intent of this Preliminary Memorandum of Understanding and to accomplish the purposes hereof.

**DAKOTA AIRCRAFT CORPORATION,  
D/B/A CIRRUS AIRCRAFT**

Signed by:  
Steve Thomas - Cirrus Aircraft  
By: Steve Thomas  
Its: Executive Director  
Dated: 4/24/2025

Signed by:  
George Utten - Cirrus  
By: Dante Tomassoni  
Its: Director of Corporate Affairs  
Dated: 4/29/2025

“Developer”

**CITY OF GRAND FORKS,  
a North Dakota municipal  
corporation**

Signed by:  
Brandon Bochenski  
By: Brandon Bochenski  
Its: Mayor  
Dated: 4/29/2025

Attest:  
Signed by:  
Maureen Storstad - Finance Director  
By: Maureen Storstad  
Its: City Auditor  
Dated: 4/29/2025

“City”