

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

09-0209R

RESOLUTION AUTHORIZING THE REIMBURSEMENT TO THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY OF 20% OF THE REPAYMENT RECEIVED ON A WORK OUT AGREEMENT WITH SINEX AVIATION TECHNOLOGIES, D/B/A EMPOWERMX.

BY COUNCILOR STAUBER:

RESOLVED, that the city of Duluth hereby authorizes reimbursement to the Duluth economic development authority (DEDA) of 20 percent of the repayment received by the city on a workout agreement related to financial support given by the city and DEDA to Sinex Aviation Technologies, d/b/a/ EmpowerMX (developer), which assisted developer in relocating and expanding its operations into the Duluth Technology Village facility, payable from Fund 235, Agency 020, Object 5700-80.

Approved as to form:

Attorney

COUNCIL REQUEST/ATTY JS/JMC:blj 3/27/2009

STATEMENT OF PURPOSE: Developer produces software that tracks task and labor data for aircraft maintenance. In 2002, the city entered into an agreement with developer providing a forgivable loan in the amount of \$250,000 to assist it in expanding and relocating its operations into the Duluth Technology Village. DEDA contributed \$50,000 or 20 percent of the assistance by way of reimbursement to the city. See DEDA Resolution No. 01D-54.

In the agreement, developer agreed to create 75 new jobs. When developer accepted the financial assistance, it projected rapid growth of its business and its ability to create new employment positions. Developer grew more slowly than projected, and the agreement was extended twice to allow for the job creation goals to be met.

In 2006, the city entered into a work out agreement with developer. For each job less than the original goal of 75, developer agreed to repay the city \$3,334 at no interest, payment to be made in 36 equal monthly installments beginning February 1, 2007. Developer created 35 of the 75 new jobs. Therefore, the work out agreement required Developer to repay \$133,360 to the city.

The city has received \$74,088.80 in repayment to date. This resolution approves reimbursement to DEDA of 20 percent of the repayment, which is \$14,817.76 to date.