

FINANCE COMMITTEE

09-0242R

RESOLUTION RECOMMENDING COLLECTION EFFORTS BE INITIATED
AGAINST SINEX AVIATION TECHNOLOGIES INC., DBA EMPOWER
MX.

BY COUNCILOR FEDORA:

WHEREAS, Sinex Aviation Technologies, d/b/a EmpowerMX, is in arrears on loan payments due the city of Duluth under that certain work out agreement dated October 17, 2006; and

WHEREAS, the city has not received payments for five months, the last being made on October 8, 2008; and

WHEREAS, to date, the outstanding loan amount is \$59,271.20; and

WHEREAS, it is unclear whether Sinex Aviation Technologies, d/b/a EmpowerMX, still maintains its corporate headquarters within the city of Duluth.

NOW, THEREFORE, BE IT RESOLVED, that the city council hereby recommends that all available collection efforts be initiated against Sinex Aviation Technologies, d/b/a EmpowerMX, for the full repayment of the outstanding loan plus costs of collection including a demand for repayment by May 15, 2009.

Approved as to form:

Attorney

CCREQ/ATTY TF/JC:cjk 4/8/2009

STATEMENT OF PURPOSE: Sinex Aviation Technologies Inc., d/b/a EmpowerMX (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. The Duluth economic development authority then reimbursed the city \$50,000 in assistance for the loan.

In the agreement, developer agreed to create 75 jobs and retain them for no less than two years. 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 to be created and retained, developer agreed to repay the city \$3,334 with no interest, payment to be made in 36 equal monthly installments beginning February 1, 2007. Developer created and retained 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. The last payment made by developer was on October 8, 2008. The outstanding balance owed by developer is \$59,271.20. This resolution recommends that all available collection efforts be initiated for the repayment of the outstanding loan amount plus costs of collection including a demand that all amounts be repaid by May 15, 2009.