DEVELOPMENT AGREEMENT

Between

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

and

HISTORIC DULUTH ARMORY, LLC

Relating to ARMORY ARTS AND MUSIC CENTER REDEVELOPMENT

Dated as of ______________

DEVELOPMENT AGREEMENT

THIS AGREEMENT, effective as of _________________ ___, 2026, by and between the DULUTH ECONOMIC DEVELOPMENT AUTHORITY, a public body, corporate and politic and political subdivision under Minnesota Statutes Chapter 469, hereinafter referred to as "DEDA," and HISTORIC DULUTH ARMORY, LLC, a Minnesota limited liability company, hereinafter referred to as "Developer."

WHEREAS, Developer proposes redevelopment of the Armory Arts and Music Center building and associated property, located at 1301 London Road in Duluth, Minnesota a herein described and proposes to provide space for working artists, inclusive music programs, a food hall, and two large community event spaces, creating new jobs and revenue streams and expanding existing arts programs for the local economy (the hereinafter-described "Project"); and

WHEREAS, the cost of redevelopment of this historic property together with the need to provide below-market rent space to artists, musicians, and other nonprofits would render the Project not economically feasible without public assistance including assistance from DEDA; DEDA has determined that:

A. A "gap" exists between the cost to Developer of the Project and the funds presently known to Developer and DEDA to be available to finance the high cost of redeveloping a substandard building that would make the Project economically feasible;
B. Without the tax increment assistance to be provided pursuant to this Agreement, the available resources would be inadequate to fund the development of said project on a financially feasible basis and that therefore, but for the tax increment assistance to be provided hereunder, the Project could not reasonably be expected to be completed in the foreseeable future and maintained into the future; and
C. The increased market value of the Property that could reasonably be expected to occur without the use of tax increment would be less than the increase in the market value estimated to result from the Project after subtracting the present value of the projected tax increment for the duration of this Agreement; and

WHEREAS, the DEDA has indicated its willingness to agree to tax increment financing ("TIF") assistance for redevelopment of the existing building, site preparation and infrastructure costs and other costs eligible for public financing under Minnesota Statutes, Sections 469.174 through 469.1794 ("Minnesota TIF Act") related to the Project; without such assistance, the Project would not be economically viable; and

WHEREAS, the public purpose of the tax increment assistance to be provided pursuant to this Agreement is to stimulate the redevelopment of underutilized, blighted or obsolete land uses to encourage the development of affordable lease space for community and arts organizations and redevelopment of a historic building, to achieve development on property which would not be redeveloped without assistance, create new jobs, and to enhance and diversify the tax base of the City of Duluth; and

WHEREAS, the Property is located in a redevelopment district within the meaning of the Minnesota TIF Act (Tax Increment Financing District No.39).

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter contained, the parties covenant and agree for themselves and their successors and assigns as follows:

ARTICLE I

Definitions

For the purposes of this Agreement, the following terms shall have the meanings hereinafter ascribed to them unless a different meaning clearly appears from the context:

A. Available Tax Increment: means 90% of the Captured Tax Increment in the six (6) month period preceding each Scheduled Payment Date, as defined in the TIF Note.

B. Agreement: means this Development Agreement and its exhibits as may be amended, restated, supplemented or otherwise modified from time to time.

C. Benefit Date: means the date upon which a Certificate of Completion has been issued by DEDA as set forth in Article VI.

D. Captured Tax Increment: means all real estate taxes resulting solely from the payment of real estate taxes on the Captured Net Tax Capacity, as defined in Minnesota Statutes Section 469.174, Subd. 4, resulting from real property associated with the Project remitted to DEDA by the St. Louis County Auditor and received by DEDA.

E. Certificate of Completion: means a written certification executed by the Director in recordable form certifying that the construction of the Project has been completed in conformance with the Plans required in this Agreement. A template of the Certificate of Completion is attached as Exhibit D.

F. Certificate of Occupancy: means a document issued by the City Building Official compliant with the requirements of Minnesota Rules, part 1300.0220.

G. City: means the City of Duluth.

H. Community Benefits Program Contract Specifications: means, for purposes of this Agreement, the Good Faith Efforts Plan reviewed and approved by the City of Duluth Workforce Development Department and the Director, which is attached as Exhibit F.

I. Contract: means the contract or contracts for the construction of any structures or improvements to the Property as part of the Project.

J. Contractor: means the contractor or contractors contracted by the Developer to construct any structures or improvements to the Property as part of the Project.

K. Costs: means, without intending thereby to limit or restrict any proper definition of such costs under any applicable laws or sound accounting practices, the following costs for construction of the Project:

  a. Obligations incurred for labor and to contractors, builders, equipment suppliers and materialmen in connection with the Project acquisition, construction and installation of the Project;
  b. Site improvement and off-site improvement costs required for the construction of the Project; and
  c. Fees and expenses of the Developer, legal counsel and other professionals for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications, assistance with bidding, and supervising construction, as well as for the performance of all other duties of the Developer and other professionals in relation to the acquisition, betterment and financing of the Project.

L. County: shall mean St. Louis County, Minnesota.

M. Director: means the Executive Director of the Duluth Economic Development Authority or such other person as is designated to act on their behalf with regard to this Agreement.

N. Documents: means this Agreement, the Plans, the Tax Increment Financing Documents, which includes but is not limited to the TIF Plan, TIF Note, TIF Audit, and Minimum Assessment Agreement, and any other documents given to DEDA to evidence, effect, secure or modify the Documents.

O. Effective Date: means the date on which the last party signs this Agreement.

P. Eligible Project Costs: means those project costs of the types and categories described on Exhibit C, attached and made part hereof, which may be legally funded with tax increment proceeds under the Minnesota TIF Act. The current estimate of Eligible Project Costs is $14,560,000.

Q. Event of Default: means an event which, with notice or passage of time or both, would constitute default under this Agreement.

R. Full-Time Equivalent or FTE: means a job that involves at least a 35-hour workweek; where part-time jobs make up a component of the workforce, the number of part-time hours worked should be divided by 1,820 hours to determine the approximate number for full time equivalent positions these jobs represent.

S. Full-Time Job: means an employee that is employed 2080 hours per year.

T. Living Wage Ordinance: means Article XXVI of Chapter 2 of the Duluth City Code, 1959, as amended.

U. New Jobs: means the new permanent, Full-Time Job or FTE non-contract, non-seasonal jobs to be created by the Developer on or after the Effective Date at the Project site.

V. Plans: means the current working drawings, specifications and elevations for the construction of any element of the Project requiring construction as described above and in Article III below, approved as provided for in said Article III, including improvements to public infrastructure needed as a result of the Project if any, together with the Developer's certified estimate of the Project Costs.

W. Project: means the redevelopment of the historic Duluth Armory building for the purpose of establishing a mixed-use hub for community building, arts and music, and entertainment.

X. Project Labor Agreement or PLA: shall mean a Project Labor Agreement conforming to that approved by the City Council pursuant to Section 2-29 (b) of the Duluth City Code, 1959, as amended, attached as Exhibit E.

Y. Property: means the real estate located in St. Louis County, Minnesota and described in Exhibit A attached hereto and made part hereof and the building located thereon.

Z. Repayments: means any payments from Developer to the City, DEDA or the State of Minnesota required hereunder.

AA. TIF: means Tax Increment Financing.

BB. TIF District No. 39: means DEDA's Tax Increment Financing District No.39.

CC. TIF Note: means a limited revenue tax increment financing pay-as-you-go note issued by DEDA to Developer pursuant to this Agreement in substantially the form of Exhibit B.

DD. TIF Plan: means the Tax Increment Financing Plan for TIF District No. 39 authorized in accordance with the Minnesota TIF Act, which TIF Plan is on file in the office of the Director.

EE. Total Project Costs: means the overall cost for the Project which includes the Eligible Project Costs as described in Exhibit C. The Project is estimated to cost up to Forty-Four Million Dollars ($44,000,000) but in no event at a cost of not less than Thirty Million Dollars ($30,000,000).

ARTICLE II

Preconditions to Project Construction

Prior to DEDA's obligations to Developer under this Agreement becoming binding on and enforceable against DEDA and as a precondition thereof, Developer shall provide to DEDA the following items which shall be subject to the approval of the Director in writing, which approval shall not be unreasonably withheld, conditioned or delayed:

A. Title

Evidence that the Property is owned by Developer in fee simple absolute or that Developer has been granted all development, construction, leasing, and operational rights necessary to perform its obligations under this Agreement pursuant to a recorded ground lease, leasehold, or other ownership structure approved by DEDA.

B. Approvals

Evidence of the approval of the TIF Plan.

C. Plans

Approved Plans for the renovation and construction of the Project as described above and in Article III below, including improvements to public infrastructure needed as a result of the Project if any, along with the Developer's certified estimate of the Total Project Costs.

D. Contract

A copy of the executed Contract between Developer and a Contractor or Contractors necessary to complete the renovation and construction of the Project in accordance with the Plans, approved pursuant to Article III below and an executed PLA or PLAs with said Contractor(s) for the Project. In addition, the Contract shall commit the Contractor(s) to conform to the requirements of the Community Benefits Program Contract Specifications and that the laborers, mechanics or apprentice-trainees employed in the construction of the Project are to be paid in accordance with the Living Wage Ordinance. The Contract shall provide that payments for the work thereunder are the sole obligation of Developer.

E. Financing

Copies of financing commitments or capital commitments by Developer or a certification as to availability of funds acceptable to Director, which are utilized by Developer for the capital necessary so that the total of said commitments and certification are not less than the estimated Total Project Costs.

F. Construction Cost Certification

Evidence satisfactory to the Director that the Total Project Cost will equal or exceed Thirty Million Dollars $30,000,000.

G. <u>Additional Documentation</u>

Developer shall also deliver the following documents to the DEDA:

1. Corporate Resolutions authorizing the Documents;
2. Developer's certificate of good standing from the Minnesota Secretary of State; and
3. Insurance Certificates.

H. <u>Survey</u>

A survey of the Property performed by a Registered Land Surveyor under the laws of the State of Minnesota.

ARTICLE III

<u>Project Plans</u>

A. <u>Plans, Specifications and Elevations</u>

No later than August 1, 2026, or such later time as approved by the Director, Developer shall submit Plans to the Director for approval. All such Plans shall be in conformance with this Agreement, with the schematic design which shall consist of drawings and other documents illustrating scale and relationship of various Project components, and with all applicable laws, ordinances, rules, regulations and requirements of the City, the State of Minnesota and the United States of America. The Director shall review such plans, specifications and elevations within fifteen (15) days of submission of same by Developer. The Director's approval, which shall not be unreasonably withheld, conditioned or delayed, shall be provided to Developer in writing. If the Director rejects such plans, specifications and elevations in whole or in part as not being in compliance with the foregoing requirements, and upon written notification to Developer of said rejection together with a detailed explanation of the reason or reasons therefor, Developer shall submit new or corrected plans, specifications and elevations meeting said objections within fifteen (15) days of said notice. The provisions of this Paragraph relating to approval, rejection and resubmission of corrected plans hereinafter provided for with respect to the originally submitted plans, specifications and elevations shall continue to apply until said plans, specifications and elevations have been approved in writing by the Director. The Director's approval of Developer's plans, specifications and elevations shall not constitute a waiver of building code, zoning ordinance or other applicable codes or ordinances imposed in the future upon Developer by law, nor shall Director's approval of Developer's Plans constitute a guaranty that the Plans conform to the requirements of applicable building code, zoning ordinance, or other codes or ordinances. Director's approval shall be deemed administrative approval only and shall not be construed as approval of design merit, structural integrity, code compliance, or fitness for purpose, all of which remain Developer's responsibility.

B. <u>Changes After Initial Approval</u>

Any material or substantial changes made to Plans by Developer after initial review by the Director shall be submitted to the Director for approval in the same manner provided for in Paragraph A above; except that the Director shall respond within ten (10) days instead of fifteen (15).

ARTICLE IV

<u>Construction</u>

A. Construction

Upon the fulfillment of the preconditions to construction provided for in Articles II and III, Developer shall commence renovation and construction of the Project in conformance with the Plans approved pursuant to Article III, provided, however, that said work shall be commenced no later than August 31, 2026 and shall be completed not later than December 31, 2029, Unavoidable Delays excepted. **"Construction Contract"** means that certain Owner–Contractor Agreement for the Duluth Armory project, dated as of January 21, 2025, by and between Sherman Associates, Inc., as owner, and Kraus-Anderson Construction Company, as contractor, as the same may be amended from time to time. The parties acknowledge that the Construction Contract includes certain grantor-imposed requirements (including those set forth in Exhibit H thereto) applicable to the Project. The City and Developer agree that such requirements are acceptable and are hereby incorporated into this Agreement by reference. Developer shall comply with, and cause its contractors and subcontractors to comply with, all such requirements.

B. Developer to Bear All Costs

Except for payments by DEDA provided for in Article VII, Developer specifically agrees to bear all costs related to the renovation and construction of the Project and any modifications.

C. Prevailing Wage

Developer shall cause the laborers, mechanics or apprentice-trainees directly employed in the Project to be paid the wage rates in accordance with the Living Wage Ordinance. Payroll for the construction trades must be submitted to the Director on a monthly basis.

D. Progress Reports

Until the entire Project has been completed, Developer shall make reports in such detail and at such times as may reasonably be requested by the Director as to the actual progress of Developer with respect to the Project. Additionally, upon reasonable notice, Developer also agrees that it will permit DEDA access to the Property and the Project to ascertain the progress of the Project, subject to standard construction industry site safety protocols.

ARTICLE V

Audits

DEDA and its representatives shall have the right at all reasonable times, upon reasonable notice, to inspect, examine and copy all books and records of Developer relating to the Project. Additionally, Developer shall cause the Contractor to allow DEDA and its representatives at all reasonable times, upon reasonable notice, to inspect, examine and copy all books and records of the Contractor relating to the Project during the construction and for a period of six (6) years after the recordation of the Certificate of Completion. Such records of Developer and the Contractor shall be kept and maintained by Developer for a period of six (6) years following the recordation of the Certificate of Completion as provided for in Article VI.

ARTICLE VI

Certificate of Completion

A. Certificate of Substantial Completion

Upon the Developer receiving a certificate of substantial completion from the design professional providing design services to the Project, the Developer may present a copy of said certificate to the Director along with a list of construction items, commonly referred to in the construction industry as "punch list" items, prepared by said design professional, remaining to be completed before a Certificate of Completion, as herein defined, can be issued. Said list shall be subject to the approval of the Director, which approval shall not be unreasonably withheld. Upon the approval of the Director of said punch list, receipt of the design professional's certificate of substantial completion, and receipt of a temporary Certificate of Occupancy, the Director shall issue a Certificate of Substantial Completion,

B. Certificate of Completion

Upon completion by Developer of the Project in accordance with this Agreement, the Director, shall within thirty (30) days of written request from Developer, furnish to Developer an appropriate certificate certifying Project completion (Certificate of Completion), substantially in the form of that attached hereto as Exhibit D, which shall not be unreasonably withheld, conditioned or delayed. A Certificate of Completion shall not be issued until all elements of the Project have been completed. The Certificate of Completion shall constitute a conclusive determination of satisfaction of the completion by the Developer of the Project undertaken pursuant to this Agreement. Immediately upon issuance of the Certificate of Completion, Developer agrees to record the Certificate of Completion in the office of the St. Louis County Recorder and/or Registrar of Titles and to pay all costs associated therewith. Upon recordation, Developer shall immediately submit to DEDA an executed original of the Certificate of Completion showing the date and document numbers of record, or a certified copy of the filed original. In the event the Director refuses or denies to provide a Certificate of Completion, the Director will, within said thirty-day (30) period, provide Developer a written statement indicating the reasons for such refusal or denial and what measures or actions are required in order to obtain a Certificate of Completion.

ARTICLE VII

Tax Increment Financing Payment Obligations

A. Minnesota TIF Act applies

The Minnesota TIF Act (Minn. Statutes, Sections 469.174 through 469.1794) applies to the TIF provisions of this Agreement. TIF related terms used in this Agreement shall have the meanings for those terms given to them in the Minnesota TIF Act. The TIF District shall be compliant with the Minnesota TIF Act and shall be approved through the TIF district adoption process described in the Minnesota TIF Act.

B. TIF District No. 39 Plan

The Project is located in TIF District No. 39, a redevelopment district within the meaning of the Minnesota TIF Act. A TIF Plan has been created for TIF District No. 39 and applies to the Project.

C. Audit required before issuance of TIF Note

After construction is complete on the Project, Developer shall submit to the Director an audit of the Total Project Costs for the Project prepared by a certified public accountant ("TIF Audit"). Developer may select the certified public accountant to perform the TIF Audit but that person or entity shall be subject to the prior written approval of the Director. The Director shall review the TIF Audit for conformance to the requirements of this Agreement, and approve the TIF Audit if in conformance.

D. TIF Note form

After issuance of the Certificate of Completion and the approval of the TIF Audit, DEDA shall execute and deliver to Developer a TIF Note substantially in the form of Exhibit B.

E. Principal amount of TIF Note

The principal amount of the TIF Note for the Project shall be $2,600,000 or the amount of documented Eligible Project Costs, whichever is less; provided that in the event that the Total Project Costs are less than the estimated Total Project Costs, as those costs are described in Exhibit C, the amount of the TIF Note will be further reduced by an amount equal to one-half (1/2) of the difference between estimated Total Project Costs, as those costs are described in Exhibit C, and actual Total Project Costs as determined by the TIF Audit. In the event commencement of construction is delayed later than December 31, 2026, Unavoidable Delays excepted, the principal amount of the TIF Note for the Project will be reduced by 10%. In the event the Project is completed later than December 31, 2029, Unavoidable Delays excepted, the principal amount of the TIF Note will be reduced by 2.5% per month until completed.

F. Date of first receipt of tax increment

The date of the first receipt of tax increment shall be the date of DEDA's receipt from the St. Louis County Auditor's Office of the first payment of Captured Tax Increment for the Project.

G. TIF Note interest

Interest payable on the TIF Note in the amount of 5% per annum shall start to accrue on the date of execution of the TIF Note. There shall be no accrual of interest on unpaid interest.

H. Maximum amount of tax increment

As required by statute, the amount of Available Tax Increment shall not exceed the amount of Eligible Project Costs incurred and paid by the Developer.

I. Bi-annual TIF payments

Payments under the TIF Note shall be bi-annual payments in the amount of the Available Tax Increment attributed to the Property received by DEDA in the six months preceding each Scheduled Payment Date as defined in the TIF Note. DEDA shall not be obligated to make any payments except as provided in the TIF Note.

J. TIF Note not a security

The TIF Note will be issued without registration under the State or federal securities laws pursuant to an exemption for such issuance. The TIF Note may not be assigned, transferred, or pledged, in whole or in part, except in conjunction with and to the same transferee as an assignment of this Agreement with the approval of Director or as otherwise permitted under Article XI of this Agreement.

K. Register of TIF Note identity holder

The Director shall maintain a register setting forth the current holder of the TIF Note which shall be determinative of the identity holder to whom payments on the TIF Note are to be made. If the TIF Note is assigned, transferred, or pledged, it is the responsibility of Developer to provide information to the Director on the change in identity of the holder.

L. Pay-as-you-go TIF Note

DEDA's financial commitment for payment of the TIF Note under this Agreement is a revenue obligation only and will be paid by DEDA only out of Available Tax Increment actually received by DEDA. Developer acknowledges that DEDA makes no representation or warranties that the Available Tax Increment will be sufficient to pay Developer all amounts due and payable pursuant to the TIF Note. Developer acknowledges that St. Louis County's obligation to distribute tax increment to DEDA is subject to Minnesota Statutes Chapter 276. Developer acknowledges that Available Tax Increment is subject to calculation by St. Louis County and changes in state statute and that some or all of the amount of the TIF Note may not be paid and in such event, the amount of payments otherwise due to Developer under this Agreement shall be deemed no longer due from DEDA and DEDA shall have no further obligations for payments of said amounts. DEDA's obligation for payment of the TIF Note shall be contingent upon Developer's compliance with all material terms of this Agreement.

M. Estimates Only

Developer acknowledges that the estimates of Available Tax Increment and tax projections, which may have been made by DEDA, are estimates only, are made for the sole use and benefit of DEDA and the City, and are not intended for Developer's reliance.

N. Minimum Assessment.

The minimum market value assessed for the Project shall, from and after January 2, 2030, be not less than $7,300,000. The parties agree to enter into an Assessment Agreement in the form of that attached hereto as Exhibit G and to use their best efforts to cause the St. Louis County Assessor to execute the same. Promptly upon execution of the Assessment Agreement, Developer agrees to record the Assessment Agreement in the office of the St. Louis County Record and/or Registrar of Title against the Property and to pay all costs associated therewith. Upon recordation, Developer shall promptly submit to DEDA evidence of recording showing the date and document numbers of record.

Article VIII

Lease and Job Creation

A. Lease Covenant

In consideration of the TIF incentive set forth in this Agreement, Developer specifically agrees that it will lease space to tenants in the Project in conformance with the following requirements (the "Lease Covenant"):

1. Below Market Rent

Developer will lease to Armory Arts and Music Center, a Minnesota nonprofit corporation, 34,000 square feet at market rate. Developer shall make available approximately 9,000 square feet of commercial space available for rent at below market rate. For purposes of this Agreement, below market rent in 2026 shall mean between $2.00 per square foot and $12.00 per square foot, and which on January 1 of each year of the Term, below market rent may be varied (up or down) by an amount equal to the percentage increase in the Consumer Price Index for All Urban Consumers. The below market rent established, and as varied herein, may be reviewed, upon Developer's request, every five (5) years. (each a "Review Date"). At each

Review Date, the below market rent may be reviewed in accordance with industry practices. If the parties cannot agree on a range of rents within thirty (30) days of the Review Date, both DEDA and Developer may obtain the opinion of a commercial real estate broker within thirty (30) days. and the average of the two opinions shall be determinative of below market rent for purposes of this Agreement.

2. Lease Notice and Consultation

Developer shall give notice of all Leases prior to the execution by Developer and a tenant and Developer. Developer shall consult with DEDA to determine that the proposed tenant's use of the leased space is in conformance with the intent of this Agreement to develop the Armory building into a mixed-use hub for community building, arts and music. Developer shall provide to DEDA an annual report of all Leases, including the tenant's trade name, use, and monthly rent.

3. Waiver of Lease Covenant

This covenant may be waived by the Director for the following reasons:

a. If tenants cannot be found which are acceptable after reasonable search, Developer may enter into short-term leases at market rate rent; and

b. If a tenant is determined to no longer be using the leased space in conformance with the intent of this Agreement, the tenant can remain for the remainder of the Lease term.

B. Job Creation

In consideration of the TIF incentive set forth in this Agreement, Developer agrees to create 14 New Jobs as provided in this Article.

1. New Jobs. On a date two (2) years from the Compliance Date (defined below), the intended New Jobs is desired to be 14. In the event Developer reports less than 14 New Jobs at the Project on the Compliance Date, the amount to be paid to Developer in that calendar year will be proportionally suspended from release to Developer according the following schedule and for each subsequent year until such time as Developer reports creation of 14 New Jobs. Suspended payments will be released in connection with a Scheduled Payment Date as defined in the TIF Note. Any suspended payments at the end of the Term shall be forfeited to DEDA.

   a. 0-8 New Jobs: 50% of annual tax increment earned.
   b. 9-13 New Jobs: 90% of annual tax increment earned.
   c. 14 New Jobs: 100% of annual tax increment earned.

ARTICLE IX

Business Subsidy Agreement

The provisions of this Article constitute the "business subsidy agreement" for purposes of the Minnesota Business Subsidy Act (Minnesota Statutes, Sections 116J.993 through 116J.995).

A. Definitions

For the purposes of determining whether the Business Subsidy Goal set forth in Paragraph E of this Article has been met, the following terms shall have the meanings hereinafter ascribed to them:

1. Benefit Date: means the date upon which a Certificate of Completion has been issued by DEDA as set forth in Article VI.

2. Report Period: means that calendar year, from January 1st of any year through December 31st of that calendar year for the period prior to the year in which a report referred to in Paragraph F of this Article is required.

Compliance Date: means the date that is two (2) years after the Benefit Date.

B. Business Subsidy.

The business subsidy provided to Developer consists of the tax increment assistance in an amount up to $2,600,000 net present value provided through the establishment of an redevelopment tax increment financing district, TIF District No. 39.

C. Need for Subsidy.

Without the tax increment assistance to be provided pursuant to this Agreement, the costs of development of the Project are not economically feasible without such assistance and that, therefore, but for the tax increment assistance to be provided for hereunder, the Project could not reasonably be expected to be constructed in the foreseeable future.

D. Public Purpose.

The public purpose of the tax increment assistance to be provided pursuant to this Agreement is to renovate a historic building, and construct a Project which will create jobs that pay a livable wage, enhance the City's tax base, provide below-market leases to artists, musicians, and nonprofit organizations, and achieve redevelopment on sites which would not be developed without assistance. In accordance with Minnesota Statutes, Section116J.994, subdivision 4, DEDA has determined after a public hearing that the creation or retention of jobs is a goal of this development/redevelopment effort. Accordingly, the wage and job goals are creation of at least Fourteen (14) New Jobs at the Project site, having a base wage of not less than $18.00 per hour, exclusive of benefits.

E. Business Subsidy Goal.

Achievement of the Business Subsidy Goal in accordance with Minnesota Statutes, Section 116J.994 shall be measured as follows: Developer agrees that on or before December 31, 2029, it shall have constructed the Project on the Property in accordance with this Agreement (the "Business Subsidy Goal"). On the Compliance Date, the intended New Jobs is desired to be 14. In the event Developer reports less than 14 New Jobs at the Project on the Compliance Date, the amount to be paid to Developer in that calendar year will be proportionality suspended according to the following schedule, to be released to Developer in each subsequent year until Developer reports creation of 14 New Jobs. Suspended payments will be released in connection with a Scheduled Payment Date as defined in the TIF Note.

1. 0-8 New Jobs: 50 % of annual tax increment earned.
2. 9-13 New Jobs: 90 % of annual tax increment earned.
3. 14+ New Jobs: 100% of annual tax increment earned.

F. Reporting Requirement.

On or before March 1st of each year following the commencement of this Agreement until the March 1 first occurring two (2) years after the Benefit Date, Developer shall file with DEDA reports on forms developed by the Minnesota Department of Employment and Economic Development ("DEED") setting forth Developer's progress in meeting the Business Subsidy Goal during the preceding Reporting Period. Said report shall include the information required in Minnesota Statute §116J.994, subdivision 7, and shall be accompanied by such documentation as the Director of Planning and Economic Development shall reasonably request in writing. All such reports shall be signed on behalf of Developer by an officer of Developer with authority to bind Developer.

G. Penalty.

If DEDA does not receive the reports described in Paragraph F of this Article, it will send to Developer a warning by certified mail within one week of the required filing date. If within 14 days of the postmarked date of the warning the reports are not made, Developer agrees to pay DEDA a penalty of $100 for each subsequent day until the report is filed, up to a maximum of $1,000.

H. Special Event of Default if Business Subsidy Goals Not Met

Developer agrees that if the Business Subsidy Goal of the Project construction is not met by December 31, 2029, subject to Article XXV hereof and as determined in the reasonable discretion of DEDA, Developer shall not receive any tax increment financing assistance under this Agreement.

I. Additional Enforcement.

In the event that Developer shall fail for any reason whatsoever to meet the reporting requirements of Paragraph F of this Article fully and completely and in a timely manner as required, said failure shall be deemed to be a material breach of the terms and conditions of this Agreement and, in addition to the rights and remedies available to DEDA pursuant to Paragraph G, DEDA shall be entitled to withhold any payment due from DEDA under this Agreement and to withhold the performance of any obligation owed by DEDA under this Agreement until Developer reporting obligations pursuant to this Article have been fully complied with. Further, DEDA shall be entitled to reimbursement for any reasonable costs, including the value of staff time and attorneys' fees and costs, incurred by DEDA to secure Developer's compliance with the reporting requirements.

J. Other Financial Assistance.

In addition to the tax increment assistance provided under this Agreement, an affiliate or affiliates of the Developer has received as part of this Project the following financial assistance from other "grantors" as defined in the Business Subsidy Act: $672,918.00 Redevelopment Grant.

K. Continued Operations Covenant.

Developer agrees to own and operate the Building and the Project and to not assign, convey, transfer, sell or change its identity in violation of Article XI, for the duration of the TIF payments (the "Continued Operations Covenant").

ARTICLE X

Operating Covenants

Developer agrees that in its operations and use of the Project and the Property, in accordance with industry standards, during the Term, Developer shall:

A. Maintenance

At all times cause the Project and the Property to be operated and maintained in a neat, orderly condition, to maintain and preserve and keep in good repair, working order and condition said Project and Property and to perform all needed and proper repairs, renewals and replacements necessary to be made thereto. The maintenance of the Project and the Property shall include but not be limited to maintenance of all foundations, external walls, doors, windows, utility openings and all roofing systems, as well as outside maintenance including snow removal, grass cutting and landscape maintenance, and all other exterior maintenance to the Project and the Property.

B. Utilities

Unless disputed, pay or cause to be paid any and all charges for utilities furnished to the Project and the Property including but not limited to hook-up charges and assessments related to all utilities, including but not limited to steam, water, sewer, gas, telephone, cable or satellite TV, and electrical power.

C. Licenses and Permits

Preserve the existence of all of its licenses, permits and consents to the extent necessary and desirable to the operation of its business and affairs relating to the Project and the Property and to be qualified to do business in the State of Minnesota.

D. Obey All Laws

Conduct its affairs and carry on its business and operations with respect to the Project and the Property in such a manner as to comply with any and all applicable laws of the United States and the State of Minnesota including all laws related to unlawful discrimination and duly observe and conform to all valid orders, regulations and requirements of any governmental authority related to the conduct of its business and the ownership of the Project and the Property; provided that nothing herein contained shall require it to comply with, observe and conform to any such law or regulation or requirement so long as the validity thereof shall be contested in good faith through proper legal action provided that such protest shall in no way affect Developer's title to the Project and the Property.

E. Payment of Taxes

Promptly pay or cause to be paid all lawful taxes and governmental charges, including real estate taxes and assessments at any time levied upon or against it or the Project and the Property, subject to the right to contest in good faith in accordance with Minnesota law. The Property shall remain fully taxable in perpetuity. Developer shall not seek classification, administrative or judicial review for assessment purposes that would reduce the real estate taxes to zero. The Property may not be sold, transferred, or conveyed to or leased or owned by any entity or used in any manner which would render the Property exempt from real estate taxes, unless the purchaser, transferee, lessee, or owner first executes an agreement satisfactory to DEDA providing for payments in lieu of taxes.

F. Assessment Fees and Charges

Pay or cause to be paid when due or payable all special assessments levied upon or with respect to the Project and/or the Property, or any part thereof, and to pay all fees, charges and rentals for utilities, service or extensions for the Project and the Property and all other charges lawfully made by any governmental body for public improvements, subject to Developer's right to contest such matters in good faith in appropriate procedures, except as limited by the Minimum Assessment Agreement.

G. Obligations and Claims

Promptly pay or otherwise satisfy and discharge all of the obligations and indebtedness and all demands and claims against the Project and the Property as and when the same become due and payable other than any thereof whose validity, amount or collectability is being contested in good faith by appropriate proceedings.

H. Living Wage

Pay to both current and new employees a living wage as set forth in the Living Wage Ordinance, or the base wage as provided in Article IX, whichever is greater.

I. Continued Use.

Commercially reasonable efforts to continue use of the Project and Property as commercial space of approximately 35,000 square feet for lease by community and arts organizations.

ARTICLE XI

Provision against Liens

A. Provision against Liens

Except for encumbrances as permitted pursuant to this Article, Developer shall not create, permit or allow any mortgage or encumbrance, or allow any mechanic's liens to be filed or established or remain against the Project, the Property or any part thereof, which would materially or adversely affect DEDA's interest in this Agreement, provided that if Developer shall first notify DEDA of its intention to do so and post such security as DEDA reasonably deems necessary, Developer may, in good faith, contest any such mechanic's liens or other liens filed or established.

B. Provision Against Assignments, Transfers or Change in Identity of Developer

Developer recognizes that, in view of the importance of the development of the Project to the general welfare of the community and the fact that any act or transaction involving or resulting in a change in the identity of the parties in control of Developer is of particular concern to the community, DEDA is relying upon the qualifications and identity of Developer to redevelop, construct, and operate the Project. Therefore, except for the purposes of obtaining financing (and therefore providing a mortgage lien) or as otherwise allowed by this Agreement, Developer represents and agrees for itself, its successors and assigns that it has not made or created, and will not make or create or suffer to be made or created, any total or partial sale, assignment, conveyance, lease (except those tenant Leases contemplated by this Agreement), trust, lien or power of attorney, and has not or will not otherwise transfer in any other way all or any portion of the Project, this Agreement or any other contract or agreement entered into in connection with carrying out its obligations hereunder; and except for financing, Developer will not make or create or suffer to be made any such transfer of Developer's rights hereunder without the prior approval of the DEDA until a Certificate of Completion has been obtained. Notwithstanding the above, Developer may admit new equity members, refinance the Project, sell or transfer its interest in the Project to a Related or Affiliated Entity or as part of an organizational acquisition or merger, or engage in internal restructurings that do not materially impair Developer's ability to perform without the prior approval of DEDA, provided written notice is given. An entity acquiring or accepting an interest in the Project as part of an organizational acquisition or merger shall be required to execute a guaranty and a joinder agreement to this Agreement and the other Documents. Developer shall give written notice of such sale or transfer and provide copies of the sale or transfer documentation evidencing assignment and assumption of Developer's rights and obligations under this Agreement, as well as any guaranty required above to the Director within thirty (30) days of the event of sale or transfer.

ARTICLE XII

Indemnification

A. Generally

Developer shall, to the fullest extent permitted by law, protect, indemnify and save DEDA and its officers, agents, servants, and employees, harmless from and against all liabilities, losses, damages, costs, expenses, including reasonable attorneys' fees and expenses, whether asserted by itself or arising from any third party, causes of action, suits, claims, demands and judgments of any nature arising from any of the following, except Developer shall not have the obligation to indemnify DEDA for DEDA’s sole negligent, intentional, willful or wanton acts, but shall be specifically required to and agrees to defend and indemnify DEDA in all cases where claims of liability against DEDA arise out of the negligence, willful misconduct, or intentional acts or omissions of Developer:

1. Any injury to or death of any person or damage to property in or upon the Project or the Property or growing out of or in connection with the use or non-use, condition or occupancy of the Project or the Property or any part thereof and also, without limitation, any and all acts or operations related to the construction or installation of the Project on any portion of the Property. The foregoing indemnification shall not be limited in any way by any limitation on the amount or type of damage, compensation or benefits payable by or for the Developer customers, suppliers or affiliated organizations under any Workers' Compensation Act, Disability Benefit Acts or any other Employee Benefit Acts;
2. Any violation of any provision of this Agreement by Developer;
3. Any violation of any contract, agreement or restriction related to Developer's occupancy, ownership, or use of the Project or the Property which shall have existed at the commencement of the term of this Agreement or shall have been approved by Developer;
4. Any violation, or alleged violation by Develoer, or any employee or agent of Developer or any contractor of Developer, of state, federal or local law, rule or regulation affecting the Project, the Property, or the ownership, occupancy or use thereof; and
5. Any mechanic’s liens or similar liens on the Property.

B. Environmental Indemnification

In addition to the generality of the foregoing, Developer hereby agrees that for itself, its successors and assigns that it will indemnify and save DEDA and its officers, agents, servants and employees harmless from and against all liabilities, losses, damages, costs, expenses, including reasonable attorneys' fees and expenses, causes of action, suits, claims, demands and judgments arising out of any condition existing on the Project or the Property arising out of Developer's use and occupancy of the Property or the Project or both which constitutes a violation of any environmental law or laws with respect to pollutants or hazardous or dangerous substances promulgated by the government of the United States or of the State or of any such duly promulgated rules and regulations of the United States Environmental Protection Agency or the Minnesota Pollution Control Agency or the presence on the Property of any element, compound, pollutant, contaminant, or toxic or hazardous substance, material or waste, or any mixture thereof, which otherwise causes injury or death to persons or damage to the Project or the Property and that indemnification granted hereby shall include all costs of clean-up, remediation, together with the costs incurred in proceedings before any court of law or administrative agency, including reasonable attorneys' fees, expenses, the fees and expenses of persons providing technical expertise addressing such problems, including expert witnesses, the costs of preparing and securing approval of Response Action Plans, as defined by the foregoing agencies, as may be necessary to meet the requirements of said agencies and any other costs and expenses of any kind whatsoever arising out of conditions existing on the Project or the Property.

C. Indemnification Procedures

Promptly after receipt by DEDA of notice of the commencement of any action with respect to which Developer is required to indemnify DEDA under this Article, DEDA shall notify Developer in writing of the commencement thereof, and, subject to the provisions as hereinafter stated, Developer shall assume the defense of such action, including the employment of counsel reasonably satisfactory to DEDA and the payment of expenses. In so far as such action shall relate to any alleged liability of DEDA with respect to which indemnity may be sought against Developer, DEDA shall have the right to employ separate counsel in any such action and to participate in the defense thereof, and the fees and expenses of such separate counsel shall be at the expense of Developer. The indemnification set forth in this Article shall survive any termination of this Agreement, foreclosure, or deed in lieu transfer of the Project or the Property.

ARTICLE XIII

Insurance

Developer shall procure and continuously maintain insurance covering all risks of injury to or death of persons or damage to the Project, the Property, and any other property permanently located or exclusively used at the Project site arising in any way out of or as a result of Developer's occupancy of or use of the Project or the Property, carried in the name of Developer and DEDA as their respective interests may appear, as follows:

A. Insurance During Construction

Developer, prior to entering on the Property for construction of the Project, shall procure or cause to be procured and maintain or require all contractors to procure and maintain the following insurance at not less than the limits of coverage or liability indicated during the period of construction as follows:

1. Property Insurance

Developer shall provide "All Risk" builders' risk insurance, which includes theft of material not installed and glass breakage, on all work on the Project, including foundations, permanent fixtures and attachments, machinery and equipment included in or installed under the construction contract, debris removal, engineers' fees, temporary structures, materials, equipment and supplies of all kinds located on the Project, to the full replacement value of the Project, except that such policy may provide for a deductible amount not to exceed Seventy-Five Thousand Dollars ($75,000) per occurrence. Said insurance shall be endorsed to provide consent for occupancy of the Project and shall be maintained in effect until permanent property coverage as provided for hereinafter is in force. Such insurance shall be provided by Developer as set forth below and shall bear a payee clause in favor of DEDA with loss proceeds under any property policies made payable to DEDA, to the extent of its interest. Said insurance may be written in the name of Developer or may be provided by Developer's Contractor, in which case it shall name Developer and DEDA as additional insureds. The Developer shall be solely responsible for ensuring that such insurance is provided. Contractor, subcontractors, suppliers, and Developer shall waive all rights against DEDA for damages caused by fire or insured perils, except such rights as are set forth hereunder to the proceeds of such insurance payable in the event of such loss.

2. Commercial General Liability and Automobile Insurance

Commercial General Liability Insurance and Automobile Liability Insurance Form with "Broad Form" property damage liability coverage in limits of not less than $2,000,000 per occurrence and in the aggregate for personal injury, bodily injury and death, and limits of $2,000,000 for property damage liability. If per person limits are specified, they shall be for not less than $2,000,000 per person and be for the same coverages. The insurance requirements of this subparagraph may be met by augmenting an industry-standard liability policy with an "umbrella" policy, the combined limits of which meet those requirements. DEDA shall be named as additional insureds on the Commercial General Liability and Automobile Liability insurance policies against losses caused by the negligent act or omission of Developer . The Contractor shall also require such liability coverage of its contractors and subcontractors unless they are insured under the contractor's policies. The contractors' and subcontractors' liability coverages shall include:

a. Contractors' public liability—premises, operations, completed operations;
b. Independent contractors' vicarious liability;
c. Personal injury;
d. Owned, non-owned, and hired vehicles;
e. Contractual liability covering customary construction contract and subcontract indemnify provisions; and
f. Workers' Compensation coverage in required statutory limits. Policy shall carry an "all states" endorsement.

B. Permanent Insurance.

Developer shall procure and continuously maintain, except as otherwise provided below, insurance covering all risks of injury to or death of persons or damage to property arising in any way out of or as a result of Developer's ownership, occupancy or use of the Project or Property, carried in the name of the Developer as follows:

1. Property Insurance

Prior to the expiration of the builders' risk coverage specified above and during the entire Term of this Agreement, the Project, including all fixtures, equipment and machinery, shall be insured to the full replacement value thereof against all risk of Direct Physical Loss, except that such insurance may provide for a deductible amount not to exceed $50,000 per occurrence. For the purposes hereof, "all risk" means insurance equivalent in scope to protect against all risks of direct physical loss ordinarily insured against in the region. The insurance policy shall bear a payee clause in favor of DEDA with loss proceeds under any property policies made payable to DEDA, to the extent of its interest. Developer hereby waives any and all claims or causes of action against DEDA for damages caused by an insured peril hereunder, except such rights hereinafter set forth to an interest in the insurance proceeds payable in the event of such loss.

2. Liability Insurance

During the construction period (unless covered under the policies required previously) and permanently thereafter for the balance of the Term of this Agreement, Developer shall procure and maintain continuously in force Comprehensive General Liability Insurance in limits of not less than $2,000,000 per occurrence for personal bodily injury and death and limits of $2,000,000 for property damage liability. If person limits are specified, they shall be for not less than $2,000,000 per person and be for the same coverages. The insurance requirements of this subparagraph may be met by augmenting an industry-standard liability policy with an "umbrella" policy, the combined limits of which meet those requirements. The City and DEDA shall be named as additional insureds therein. Insurance shall cover:

a. Public liability, including premises and operations coverage;
b. Independent contractors' vicarious liability;
c. Personal injury;
d. Owned, non-owned and hired vehicles;
e. Contractual liability covering the indemnity obligations set forth herein; and
f. Products--completed operations.

3. Workers Compensation

Workers' Compensation coverage in statutory amounts in the jurisdictions in which Project-related work is performed, consistent with the coverage provided under Developer's workers' compensation policy and applicable endorsements. Developer shall maintain any additional coverage required by applicable law for such jurisdictions. Developer may satisfy this requirement through its members obtaining such insurance.

C. Requirements for All Insurance

All insurance required in this Article shall be taken out and maintained in responsible insurance companies organized under the laws of the states of the United States and licensed to do business in the State of Minnesota.

D. Policies

Developer shall be required to supply to DEDA certification of all policies required under this Agreement. In addition, Developer shall be required to supply to DEDA written certifications of insurance requiring each insurer providing such policies require the insurer to give the DEDA thirty (30) days' written notice prior to cancellation or modification of said insurance.

E. Reconstruction Obligation and Uninsured Loss

In the event the Project or the Property or any portion thereof is destroyed by fire or other casualty during the first five years of the Term, Developer shall forthwith repair, reconstruct, and restore the Project and the Property to substantially the same scale and condition, quality, and value as existed prior to the event causing such damage or destruction, and to the extent necessary to accomplish such repair, reconstruction, and restoration, Developer shall apply the proceeds of any insurance received by Developer to the payment or reimbursement of the costs thereof. Developer shall timely take all actions necessary, including paying any deductible amount, to secure its rights to make an insurance claim for the insurance proceeds for all insurable losses. Developer shall complete the repair, reconstruction, and restoration of the Project and the Property whether or not the proceeds of any insurance received by Developer are sufficient to pay for such repair, restoration, and reconstruction. In the alternative, and only with the prior written consent of DEDA, Developer may construct a building of a new design having public benefit to DEDA equal to or greater than the Project, approved by DEDA as a replacement to the Project, at its own cost and at no cost to DEDA. In the event that DEDA approves construction of such a replacement building, said building shall be constructed in accordance with the terms hereof, in a manner which meets the minimum assessment requirements of this Agreement.

ARTICLE XIV

Developer Defaults and Remedies Therefor

A. Events of Default

If not cured within the applicable notice and cure period, the following shall be deemed to be Events of Default by Developer under the terms and conditions of this Agreement to which the remedies set forth in Paragraph B below shall be applicable. Except as otherwise specifically provided herein, following notice of a default, Developer shall have fifteen (15) days to cure such default and provide evidence of such cure to DEDA.

1. Developer fails to make any repayments when due and such failure is not cured within ten (10) days after delivery of written notice by DEDA to Operator.
2. Developer shall not permit any encumbrance on the Project or the Property, except as expressly provided in the Documents.
3. Any of the following shall occur:
    i. Developer shall seek relief in bankruptcy, or make a general assignment for the benefit of creditors; or
    ii. There is filed by or against Developer a petition in bankruptcy or for the appointment of a receiver; or
    iii. Any creditor commences under any bankruptcy or insolvency law proceedings for relief against Developer ; or
    iv. Developer discontinues its business as a going concern; or
    v. Developer defaults on any other obligation to DEDA beyond any applicable notice and cure periods; or
    vi. Developer's business is taken over or control is assumed by any government or governmental agency.
4. Any of the following shall occur:
    i. Developer fails to observe or perform any material term, condition, obligation, covenant or agreement required under this Agreement or the Documents and such failure is not cured in all material respects within thirty (30) days after delivery of written notice by the DEDA to Developer describing the failure and the act required to cure the failure.
    ii. Any warranty, representation or statement made by Developer in any Document, is untrue or misleading in any material respect.
    iii. Any financial information provided to DEDA, the City, or their consultants by or on behalf of Developer is untrue or misleading in any material respect.
    iv. Any of the Documents ceases to be enforceable against Developer at any time for any reason.
    v. Developer defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement in favor of any other creditor or person which may materially affect the Project or Property or

impairs Developer's ability to make repayments or perform its obligations under any of the Documents.

vi. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method by any creditor of Developer or by any governmental agency against any collateral securing financing. However, this Event of Default shall not apply if there is a good faith dispute by Developer as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Developer gives DEDA written notice within ten (10) days following commencement of the creditor or forfeiture proceeding and deposits with DEDA monies or a surety bond for creditor or forfeiture proceeding in an amount determined by DEDA, in its sole discretion, as being adequate reserve or bond for the dispute.

vii. Developer fails to pay when due any real estate tax payment or legally imposed assessment with regard to the Property or the Project when due and payable, unless contested in good faith.

B. General Remedies

Except as otherwise set forth in this Agreement, DEDA shall have the following remedies in the case of an Event of Default by Developer:

1. Terminate this Agreement, the TIF Note, or any of the Documents;
2. Withhold the performance of any obligation owed by DEDA under this Agreement or any of the Documents;
3. Cease making payments under this Agreement and the TIF Note of Available Tax Increment;
4. Any of the various remedies expressly provided in any of the Documents but only with respect to the defaults described with respect to those remedies;
5. Seek and be entitled to monetary damages from Developer for any damages incurred by DEDA as a result of Developer's default;
6. Seek and be entitled to injunctive, declaratory or equitable relief as is necessary to prevent Developer's violation of the terms and conditions of this Agreement or to compel Developer's performance of its obligations hereunder. Notwithstanding the foregoing, DEDA agrees that any injunctive or equitable relief sought shall be narrowly tailored to enforce the specific obligation breached and not intended to unreasonably interfere with ongoing Project operations; and
7. Cumulatively to exercise all other rights, options, and privileges provided by agreement, law, or in equity.

C. Non-Waiver

The waiver by DEDA of any default on the part of Developer or the failure of DEDA to declare default on the part of Developer of any of its obligations pursuant to this Agreement or the other Documents shall not be deemed to be a waiver of any subsequent default on the part of Developer of the same or of any other obligation of Developer under this Agreement or the other Documents. To be effective, any waiver of any default by Developer hereunder must be in writing by DEDA.

D. Remedies Cumulative

The remedies provided under this Agreement shall be deemed to be cumulative and non-exclusive and the election of one remedy shall not be deemed to be the waiver of any other remedy with regard to any occasion of an Event of Default hereunder.

E. Attorneys' Fees

In the event that a party is in breach or default of any of the terms and conditions of this Agreement or the Documents, and the other party successfully takes legal action to enforce said rights herein, in addition to the foregoing, the non-breaching and non-defaulting party shall be entitled to prompt reimbursement for its reasonable attorneys' fees, costs, and disbursements occasioned in enforcing its rights hereunder.

ARTICLE XV

Representations, Covenants and Warranties

A. Representations, Covenants and Warranties of DEDA

DEDA represents, covenants and warrants as follows:

1. DEDA is a lawfully constituted economic development authority under the laws of the State of Minnesota.
2. The officers of DEDA executing this Agreement have been duly authorized to execute and deliver this Agreement and perform its obligations hereunder pursuant to the terms and provisions of a resolution of the DEDA Board of Commissioners.
3. This Agreement is binding and enforceable against DEDA in all respects.
4. DEDA has taken all steps necessary to establish the TIF District and will take, prior to issuance, all steps necessary to duly issue the TIF Note after all pre-conditions to such issuance as described in Article II of this Agreement have been satisfied or waived.

B. Representations, Covenants and Warranties of Developer

At all relevant times during the Term of this Agreement, Developer represents, covenants and warrants as follows:

1. Developer is a duly formed and validly existing limited liability company under the laws of the State of Minnesota, is authorized to transact business in the State of Minnesota, is not in violation of its organizational documents, has power to enter into this Agreement and to perform its obligations hereunder, and has duly authorized the execution, delivery, and performance of this Agreement and the other Documents by proper corporate action. Developer shall disclose to DEDA the names, addresses, and ownership interests of all persons having ownership interest in the Developer entity, together with such supporting documentation that may be reasonably requested by DEDA.
2. Developer is not in violation of any provision of its organizational documents, or any indenture, mortgage, deed of trust, indebtedness, agreement, judgment, decree, order, statute, rule or regulation to which it is a party or by which it or its properties are bound or affected, other than violations and defaults which would not, individually or in the aggregate, have a material adverse effect on the financial position or results of operation of the Project by Developer.
3. The execution and delivery by Developer of this Agreement, compliance with the provisions thereof by Developer, and the performance by Developer of its agreements, covenants, and obligations under this Agreement, do not, in any material respect,

constitute on the part of Developer a breach or violation of, or default under, its organizational documents, will not violate any law or regulation applicable to Developer, or result in the breach of, or constitute a default under, any indenture or loan, credit, or other agreement or instrument to which Developer is a party or by which it or the Property is bound or affected.

4. There are no actions, suits or proceedings pending or, to the knowledge of Developer, threatened against Developer or any premises leased or owned by Developer in any court or before any federal, state or municipal or other governmental agency which, if decided adversely to Developer, would have a material adverse effect upon Developer, the Property, the financial position of Developer, or the operation of the Project, and that Developer is not in default of any order of any court or governmental agency.
5. No consent, approval, or authorization of, or permit or license from, or registration with, or notice to any federal or state regulatory authority or any third party not already obtained is required in connection with the execution, delivery, and performance by Developer of this Agreement, or any document or instrument related thereto.
6. It is not in default of the payment of principal of or interest on any indebtedness for borrowed money or in default under any instrument or agreement pursuant to which the indebtedness has been incurred.
7. Except as permitted in this Agreement or any other Document, Developer will not sell, encumber, transfer or otherwise pledge the Project or the Property to any other person for any purpose whatsoever except with the prior written consent of DEDA.
8. Developer shall notify DEDA promptly in writing of any default in connection with this Agreement or the Documents promptly upon Developer becoming aware of such default.
9. Developer shall promptly pay and at all times pay all reasonable fees and expenses actually incurred by DEDA in pursuing its rights hereunder or under the Documents, including attorney's, accountant's, and other fees.
10. Except as otherwise permitted, Developer shall not, without written consent of DEDA, engage in any business activity on the Property different than those in which Developer is presently engaged with respect to the Project,
11. Developer shall not enter into any agreement containing any provisions which would be violated or breached by the performance of Developer's obligations under this Agreement or in connection herewith.
12. Developer shall be responsible for constructing the Project in accordance with the terms of this Agreement and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations, and federal Davis-Bacon). Developer shall obtain, in a timely manner, all required permits, licenses and approvals, and shall meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed. Developer shall be responsible for obtaining all of the permits and licenses necessary for construction and operation of the Project.
13. The execution of this Agreement has been duly and fully authorized by Developer and Developer's managing member’s governing body or board, that the officer of Developer or its managing member who executed this Agreement on its behalf is fully

authorized to do so, and that this Agreement when thus executed by said officer on its behalf will constitute and be the binding obligation and agreement of Developer in accordance with the terms and conditions thereof.

14. This Agreement is binding and enforceable against Developer in all respects.
15. That without the tax increment assistance provided pursuant to this Agreement, Developer's costs of constructing the Project would not be economically feasible to construct the Project, and that therefore, but for the tax increment assistance to be provided hereunder, the Project would not be economically feasible for Developer, and Developer would not have developed the Project and operated the same in the reasonably foreseeable future.

ARTICLE XVI

Term

The term of this Agreement shall commence on the Effective Date and shall continue for a period of twenty-six (26) years from the date of receipt by DEDA from the St. Louis County Auditor's Office of the first payment of Captured Tax Increment, or unless this Agreement is otherwise terminated as provided for herein (the "Term"). Termination shall not terminate the indemnification provisions or any other provisions of this Agreement which by their nature survive termination and shall not terminate any other rights or remedies arising under this Agreement due to any event of default which occurred prior to such termination.

ARTICLE XVII

Runs with the Land

This Agreement shall be deemed to run with the Land. This Agreement shall inure to the benefit of the parties hereto and to their successors and assigns. Notwithstanding the foregoing, upon issuance and recordation of the Certificate of Completion, the obligations contained in Articles II (Preconditions to Project Construction), III (Project Plans), IV (Construction), and VI (Certificate of Completion), together with the provisions of Article XIII applicable solely during the construction of the Project, shall be deemed fully performed and satisfied and shall no longer constitute covenants running with the Land or obligations binding upon Developer or its successors and assigns.

In addition, the provisions of Article IX (Business Subsidy Agreement) shall terminate and be of no further force or effect upon Developer's satisfaction of all reporting obligations thereunder and expiration of the applicable reporting and compliance periods.

ARTICLE XIII

Notices

Any notice, demand or other communication under this Agreement by either party to the other shall be deemed to be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid to:

In the case of DEDA:

DEDA
Attn: Executive Director
402 City Hall
411 West First Street
Duluth, MN 55802

In the case of Developer:

HISTORIC DULUTH ARMORY, LLC
233 Park Avenue South
Suite 201
Minneapolis, MN 55415
USA

or at such address with respect to either party as that party may, from time to time, designate in writing and forward to the other as provided in this section.

ARTICLE XIX

Recordation

Immediately upon execution of this Agreement, Developer agrees to record this Development Agreement, in the office of the St. Louis County Recorder and/or Registrar of Titles and to pay all costs associated therewith. Upon recordation, Developer shall immediately submit to DEDA an executed original of the Development Agreement, showing the date and document numbers of record, or a certified copy of the filed original.

ARTICLE XX

Disclaimer of Relationships

Developer acknowledges that nothing contained in this Agreement nor any act by DEDA or Developer shall be deemed or construed by Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between DEDA and Developer , and/or a third party.

ARTICLE XXI

Applicable Law

This Agreement together with all of its Articles, sections, paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota. All proceedings related to this Agreement shall be venued in Duluth, Minnesota.

ARTICLE XXII

Judicial Interpretation

Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof.

ARTICLE XXIII

Title of Articles

Any title, Articles, section and paragraphs in this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE XXIV

Severability

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

ARTICLE XXV

Unavoidable Delays

Neither party shall be held responsible for, and neither party shall be considered in default of this Agreement as a result of, delay or default caused by fire, casualty, riot, acts of God, war, terrorism, disease, flooding, natural disasters, government actions, judicial actions by third parties, labor disputes, labor or material shortages, embargoes, or adverse weather conditions (each an “Unavoidable Delay”), except for delays caused by government and judicial actions which could have been avoided by compliance with laws, rules and regulations of which either party had knowledge or should have reasonably had knowledge.

ARTICLE XXVI

Entire Agreement

It is understood and agreed that the entire agreement of the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

ARTICLE XXVII

Counterparts

This Agreement may be executed, acknowledged and delivered in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and date first above shown.

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By: __________________

Its President

By:________________

Its Secretary

HISTORIC DULUTH ARMORY, LLC

a Minnesota limited liability company

By: __________________

Name: ____________

Its: _______________

STATE OF MINNESOTA)
) SS
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2026, by _____________ and ________________, the President and Secretary, respectively, of the Duluth Economic Development Authority, a public body, corporate and politic and political subdivision under Minnesota Statutes Chapter 469, on behalf of the Authority.

____

STATE OF ___________)
) SS
COUNTY OF _______)

The foregoing instrument was acknowledged before me this _____ day of _____________, 2026, by _______________, to __________________ of HISTORIC DULUTH ARMORY, LLC, a Minnesota limited liability company, on behalf of the company.

____
Notary Public

This instrument was drafted by:

Amanda M. Mangan
Assistant City Attorney
Attorney for the Duluth Economic Development Authority
411 West First Street, Room 440 City Hall
Duluth, MN 55802
(218) 730-5490

Exhibit A. Legal Description of Property

Exhibit B. Form of TIF Note

Exhibit C. Eligible Project Costs; Total Project Costs

Exhibit D. Form of Certificate of Completion

Exhibit E. Project Labor Agreement

Exhibit F. Community Benefits Program Contract Specifications

Exhibit G Minimum Assessment Agreement

Exhibit A

Property Legal Description

Real property in St. Louis County, Minnesota, legally described as follows:

Lots 1-14, Block 4, BANNING AND RAY’S SUBDIVISION IN DULUTH

Parcel ID: 010-0190-00330

Exhibit B

Form of TIF Note

Principal Amount	Annual Rate
$2,600,000	5.00%

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ST. LOUIS

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

TAX INCREMENT FINANCING (TIF) REVENUE NOTE
(ARMORY ARTS AND MUSIC CENTER REDEVELOPMENT)

The Duluth Economic Development Authority, an economic development authority created and existing pursuant to Minnesota Statues Chapter 469 ("DEDA"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay HISTORIC DULUTH ARMORY, LLC, a Minnesota limited liability company (the "Developer"), or its registered assigns (the "Registered Owner"), the principal amount of $________________________ and ____/100th Dollars ($____________), which is the amount determined in Article VII of that certain Development Agreement between DEDA and the Developer dated ______________, 2026, and bearing DEDA Contract No. ______________, as may be amended from time to time (the "Agreement"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

This TIF Note is issued pursuant to the Agreement. Terms are defined in this TIF Note or in the Agreement. The principal amount of this TIF Note, as adjusted above, shall bear interest at the annual rate specified above and interest shall start to accrue as of the date of execution of this TIF Note. There shall be no accrual of interest on unpaid interest. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

This Note is issued and payable solely from Available Tax Increment, as defined in the Agreement, actually received and retained by DEDA. DEDA shall pay to the Registered Owner of the TIF Note bi-annual payments in the amount of the Available Tax Increment payable on August 1 and February 1 of each year, commencing on August 1, 20__, to and including February 1, 20__, or, if the 1st should not be a business day the next succeeding business day (the "Scheduled Payment Dates"). Available Tax Increment shall first be applied to accrued interest and then to principal.

This Note shall terminate and be of no further force and effect following (a) February 1, 20__; (b) any date upon which the Agreement or this TIF Note has terminated under said Agreement; or (c) on the date that all principal and interest payable hereunder shall have been paid in full; whichever occurs earliest. This TIF Note may be prepaid in whole or in part at any time without penalty.

DEDA makes no representation or covenant, express or implied, that the Available Tax Increment will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

DEDA's payment obligations hereunder shall be further conditioned on the fact that no Event of Default by Developer under the Agreement shall have occurred and be continuing, but such unpaid amounts shall become payable, without interest accruing thereon in the meantime, if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Agreement DEDA elects to terminate the Agreement or this TIF Note, DEDA shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Agreement for a fuller statement of the rights and obligations of DEDA to pay the principal of this TIF Note and the interest thereon, and said provisions are hereby incorporated into this TIF Note as though set out in full herein.

THIS TIF NOTE IS A SPECIAL, LIMITED REVENUE OBLIGATION AND NOT A GENERAL OBLIGATION OF DEDA OR THE CITY OF DULUTH (THE "CITY") AND IS PAYABLE BY DEDA ONLY FROM THE SOURCES AND SUBJECT TO THE QUALIFICATIONS STATED OR REFERENCED HEREIN. THIS TIF NOTE IS NOT A GENERAL OBLIGATION OF DEDA OR THE CITY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF DEDA OR THE CITY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS TIF NOTE AND NO PROPERTY OR OTHER ASSET OF DEDA OR THE CITY, SAVE AND EXCEPT THE ABOVE REFERENCED PLEDGED AVAILABLE RELATED TAX INCREMENTS, IS OR SHALL BE A SOURCE OF PAYMENT OF DEDA'S OBLIGATIONS HEREUNDER.

The Registered Owner shall never have or be deemed to have the right to compel any exercise of any taxing power of DEDA, the City or of any other public body, and neither DEDA, the City nor any person executing or registering this TIF Note shall be liable personally hereon by reason of the issuance or registration thereof or otherwise.

This TIF Note is issued by DEDA in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes §§469.174 to 469.1799, the Minnesota Tax Increment Act.

THIS TIF NOTE HAS NOT BEEN REGISTERED UNDER ANY FEDERAL OR STATE SECURITIES LAWS AND MAY NOT BE SOLD, ASSIGNED, PLEDGED, OR OTHERWISE DISPOSED OF OR TRANSFERRED EXCEPT AS PROVIDED FOR IN THE AGREEMENT.

This TIF Note may be assigned only as provided in the Agreement and, upon such assignment, the assignor shall promptly notify DEDA at the office of the Executive Director by registered mail, and the assignee shall surrender the same to the Executive Director either in exchange for a new fully registered note or for transfer of this Note on the registration records for the TIF Note maintained by DEDA. Each permitted assignee shall take this TIF Note subject to the foregoing conditions and subject to all provisions stated or referenced herein and in the Agreement.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this TIF Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this TIF Note, together with all other indebtedness of DEDA outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of DEDA to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the Duluth Economic Development Authority, by its Board of Commissioners, has caused this TIF Note to be executed by the manual signatures of the President and the Secretary of DEDA and has caused this Note to be issued on and dated ________________________, 20___.

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By: ____________________________
Its President

By: ____________________________
Its Secretary

Approved as to form

____
Assistant City Attorney
Attorney for Duluth Economic Development Authority

Exhibit C

Eligible Project Costs; Total Project Costs

TOTAL PROJECT COSTS (Estimated)	
Acquisition	$4,500,000
Construction	$30,000,000
Professional Fees & Soft Costs	$2,000,000
Financing & Interim Costs	$3,000,000
Developer's Fees	$4,000,000
Project Reserves	$500,000
Total Project Costs	$44,000,000

ELIGIBLE PROJECT COSTS (Estimated)	
Div 02 - Existing Conditions	$330,000
Div 03 - Concrete	$510,000
Div 04 - Masonry	$140,000
Div 05 - Metals	$770,000
Div 06 - Wood Plastics & Composites	$430,000
Div 07 - Thermal & Moisture Protection	$190,000
Div 08 - Openings	$940,000
Div 09 - Finishes	$2,750,000
Div 10 - Specialties	$90,000
Div 12 - Furnishings	$50,000
Div 21 - Fire Suppression	$330,000
Div 22-25 - Plumbing, HVAC & Controls	$4,750,000
Div 26 - Electrical	$2,000,000
Div 31 - Earthwork & Site Utilities	$550,000
Div 32 - Exterior Improvements	$270,000
Other Qualifying Improvements	$200,000
Administrative Costs (up to 10%)	$260,000
Eligible Project Costs	$14,560,000

Exhibit D

Form of Certificate of Completion

CERTIFICATE OF COMPLETION

RECITALS:

A. On ____________________, 20__, the Duluth Economic Development Authority, an economic development authority created and existing under Minnesota Statutes Chapter 469 ("DEDA"), and HISTORIC DULUTH ARMORY, LLC a Minnesota limited liability company ("Developer"), entered into a Development Agreement, which agreement was recorded in the Office of the St. Louis County Registrar of Title on ___________________, 2026, as Document No. _____________ (the "Development Agreement"), relating to property located in St. Louis County, Minnesota, and legally described in the attached Exhibit A (the "Property").

B. Capitalized terms used in this Certificate of Completion but not defined herein shall have the meanings ascribed to them in the Development Agreement.

C. Article VI of the Development Agreement provides that a Certificate of Completion be issued by DEDA's Executive Director upon, among other things, completion by Developer of the construction of the Project in accordance with the Development Agreement.

D. Developer has completed construction of the Project in a manner deemed sufficient by DEDA to permit execution and recording of this Certificate of Completion.

NOW, THEREFORE, in consideration of the foregoing recitals:

1. Construction of the Project required to be performed by Developer pursuant to the Development Agreement with respect to the Property, has been completed, and those requirements under the Development Agreement which relate solely to construction obligations of the Project have been fulfilled, but all other conditions and restrictions contained in the Development Agreement shall remain in effect.

2. The County Recorder and/or the Registrar of Titles in and for St. Louis County, Minnesota, are hereby authorized to accept for recording and to record this instrument.

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By: ______________________________
Executive Director

STATE OF MINNESOTA)
) SS
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this _______ day of _________________, 202_, by _________________________, the Executive Director of the Duluth Economic Development Authority, an economic development authority under Minnesota Statutes Chapter 459, on behalf of the authority.

____
Notary Public

This instrument drafted by:

Amanda M. Mangan
Assistant City Attorney
Attorney for the Duluth Economic Development Authority
411 West First Street
Room 440 City Hall
Duluth, MN 55802
(218) 730-5490

Exhibit E

Project Labor Agreement

CITY OF DULUTH PROJECT LABOR AGREEMENT

ARTICLE I

PURPOSE

This Agreement is entered into as of December 11, 2024, by and between Kraus-Anderson Construction Company, its successors or assigns (hereinafter "Project Contractor"), Historic Duluth Armory, LLC (hereinafter "Owner"[1]) and the Duluth Building and Construction Trade Council, on behalf of its affiliated local unions, acting on their own behalf and on behalf of their respective affiliates and members whose names are subscribed hereto and who have, through their duly authorized officers, executed this Agreement (hereinafter collectively called the "Union or Unions"), with respect to the construction of the Historic Duluth Armory Rehabilitation Project (hereinafter "Project").

The term "Contractor" shall include all construction contractors and subcontractors of whatever tier engaged in onsite construction work within the scope of this Agreement, including the Project Contractor when it performs construction work within the scope of this Agreement. Where specific reference to Kraus-Anderson Construction Company alone is intended, the term "Project Contractor" is used.

The parties recognize the need for the timely completion of the Project without interruption or delay. This Agreement is intended to establish a framework for labor-management cooperation and stability. The Contractor(s) and the Unions agree that the timely construction of this Project will require substantial numbers of employees from construction and supporting crafts possessing skills and qualifications that are vital to its completion. They will work together to furnish skilled, efficient craft workers for the construction of the Project.

Further, the parties desire to mutually establish and stabilize wages, hours and working conditions for the craft workers on this construction project, to encourage close cooperation between the Contractor(s) and the Unions to the end that a satisfactory, continuous and harmonious relationship will exist between the parties to this Agreement.

Therefore, in recognition of the special needs of this Project and to maintain a spirit of harmony, labor-management peace, and stability during the term of this Agreement, the parties agree to abide by the terms and conditions in this Agreement, and to establish effective and binding methods for the settlement of all misunderstandings, disputes or grievances which may arise. Further, the Contractor(s) and all contractors of whatever tier, agree not to engage in any lockout, and the Unions agree not to engage in any strike, slow-down, or interruption or other disruption of or interference with the work covered by this Agreement.

[1] Where the work is performed under Contract with the City of Duluth, the "Owner" is the City of Duluth. Where the Owner receives financial assistance or payment from the City, the Owner is the corporation, firm or other entity that is receiving the assistance or payment.

ARTICLE II

SCOPE OF AGREEMENT

Section 1. This Project Labor Agreement shall apply and is limited to the recognized and accepted historical definition of new construction work on the Project under the direction of and performed by the Contractor(s), of whatever tier, which may include the Project Contractor, who have contracts awarded for such work on the Project. Such work shall include site preparation work and dedicated off-site work.

The Project is defined as: The Historic Duluth Armory Rehabilitation Project involves the repair and rehabilitation of the historic structure, including, but not limited to, restoring or replacing all exterior roof and wall assemblies, reconditioning all interior surfaces, assemblies and finishes to a "shell space" state, and installing all new electrical, plumbing, fire protection, and mechanical systems to a new and code compliant state. The Project site and grounds will be improved with new parking provisions, new landscaping and new hardscaping.

Section 2. It is agreed that the Project Contractor shall require all of its Contractors of whatever tier who have been awarded contracts for work covered by this Agreement to accept and be bound by the terms and conditions of this Project Labor Agreement by executing the "Agreement to be Bound" form attached as Exhibit 1 prior to commencing work. This Project Labor Agreement is a material term of the bid specifications for the Project and therefore, regardless of whether a contractor executes this Agreement, by virtue of the owner and/or Project Contractor accepting the bid offer of the Contractor, a Contractor who performs work on this project is bound to this PLA regardless of their execution of this Agreement. The Project Contractor shall assure compliance with this Agreement by the Contractors. It is further agreed that, where there is a conflict, the terms and conditions of this Project Labor Agreement shall supersede and override terms and conditions of any and all other national, area, or local collective bargaining agreements, except for all work performed under the NTL Articles of Agreement, The National Stack/Chimney Agreement, the National Cooling Tower Agreement, all instrument calibration work and loop checking shall be performed under the terms of the UA/IBEW Joint National Agreement for Instrument and Control Systems Technicians, and the National Agreement of the International Union of Elevator Constructors, with the exception of Article V, VI, VII, and VIII of this Project Labor Agreement, which shall apply to such work. It is understood that this is a self-contained, stand alone, Agreement and that by virtue of having become bound to this Project Agreement, neither the Project Contractor nor the Contractors will be obligated to sign any other local, area or national agreement.

Section 3. Nothing contained herein shall be construed to prohibit, restrict or interfere with the performance of any other operation, work, or function which may occur at the Project site or be associated with the development of the Project.

Section 4. This Agreement shall only be binding on the signatory parties hereto and shall not apply to their parents, affiliates or subsidiaries.

Section 5. The Owner and/or Project Contractor have the absolute right to select any qualified bidder for the award of contracts on this Project without reference to the existence or non-existence of any agreements between such bidder and any party to this Agreement; provided, however, only that such bidder is willing, ready and able to become a party to and comply with this Project Agreement, should it be designated the successful bidder.

Section 6. As areas and systems of the Project are inspected and construction tested by the Project Contractor or Contractors and accepted by the Owner, the Project Labor Agreement will not have further force or effect on such items or areas, except when the Project Contractor or Contractors are directed by the Owner to engage in repairs, modifications, check-out, and warranty functions required by its contract with the Owner during the term of this Agreement.

Section 7. It is understood that the Owner, at its sole option, may terminate, delay and/or suspend any or all portions of the Project at any time.

Section 8. It is understood that the liability of any employer and the liability of the separate unions under this Agreement shall be several and not joint. The unions agree that this Agreement does not have the effect of creating any joint employer status between or among the Owner, Contractor(s) or any employer.

Section 9. The provisions of this Project Labor Agreement shall apply to all craft employee s represented by any Union listed in Schedule A hereto attached and shall not apply to other field personnel or managerial or supervisor employees as defined by the National Labor Relations Act. No Contractor party is required to sign any other agreement as a condition of performing work within the scope of this Agreement. However, any Contractor performing work on the Project which is not party to a Local Area Labor Agreement for a craft employed by the Contractor, agrees to install hourly wage rates, hours, fringe benefit contributions, referral procedures and all other terms and conditions of employment as fully set forth in the applicable Local Area Agreement as described in Schedule A for work on the Project for each craft employed by the Contractor. But in no event shall the wages be less than the wages that are applicable to this project under the Minnesota Prevailing Wage Act, Minn. Stat. § 177.43. All employees covered by this Agreement shall be classified in accordance with the work performed. Nothing in this Agreement requires employees to join a union or pay dues or fees to a union as a condition of working on the covered project. This Agreement is not, however, intended to supersede independent requirements in applicable local union agreements as to contractors that are otherwise signatory to those agreements and as to employees of such employers performing covered work.

Section 10. The Contractors agree to timely pay contributions to the established employee benefit funds in the amounts designated in the Local Area Labor Agreements attached as Schedule A.

The Contractors adopt and agree to be bound by the written terms of the legally-established Trust Agreements specifying the detailed basis on which payments are to be made into, and benefits paid out of, such Trust Funds. The Contractors authorize the parties to such Trust Agreements to appoint trustees and successor trustees to administer the Trust funds and hereby ratify and accept the Trustees so appointed as if made by the Contractors.

Section 11. All workers delivering fill, sand, gravel, crushed rock, transit/concrete mix, ready mix, asphalt or other similar material and all workers removing any such materials from the construction site (the "Highway Heavy Work") shall receive a total package of wages and benefits at least and not lower than the wages and benefits provided for in the then current Highway, Heavy Construction Agreement between Teamsters Local 346 and the Associated General Contractors of America, or the Highway Heavy Prevailing Wage Schedule, whichever is greater.

The parties acknowledge and agree that (i) the Project Contractor is not performing any Highway Heavy Work on the Project; (ii) if the Union representing a particular trade performing Highway Heavy Work is unable to provide the number of qualified workers requested by any Contractor within the time period established by the applicable local collective bargaining agreement, then such Contractor shall be permitted to hire from other sources, per its applicable Collective Bargaining Agreement and the Unions will not protest or otherwise disrupt such Contractors; and (iii) the provisions of this Article II, Section 11 shall not apply to the Project Contractor.

ARTICLE III
UNION RECOGNITION AND UNION ACCESS

Section 1. The Contractors recognize the signatory Unions as the sole and exclusive bargaining representatives of all craft employees within their respective jurisdictions working on the Project within the scope of this Agreement.

Section 2. Authorized representatives of the Union shall have access to the Project, provided they do not interfere with the work of employees and further provided that such representatives comply fully with the posted visitor and security and safety rules of the Project.

ARTICLE IV
REFERRAL OF EMPLOYEES

Applicants for the various classifications covered by this Agreement required by the Employer or Contractors on the Project shall be referred to the Contractors by the Unions. The Unions represent that its local unions administer and control their referrals and it is agreed that these referrals will be made in a non-discriminatory manner and in full compliance with Federal and State laws.

ARTICLE V
MANAGEMENT'S RIGHTS

The Project Contractor and Contractors of whatever tier retain full and exclusive authority for the management of their operations. Except as otherwise limited by the terms of this Agreement or the applicable local area agreements, the Contractors shall direct their working forces at their prerogative, including, but not limited to hiring, promotion, transfer, lay-off or discharge for just cause.

ARTICLE VI
WORK STOPPAGES AND LOCKOUTS

Section 1. During the term of this Agreement there shall be no strikes, picketing, work stoppages, slowdowns or other disruptive activity for any reason by the Unions or by any employee, and there shall be no lockout by the Contractor, except as outlined in Article XIII of this Agreement (Trust

Payments). Failure of any Union or employee to cross any picket line established at the Project site is a violation of this Article.

Section 2. The Unions shall not sanction, aid or abet, encourage or continue any work stoppage, strike, slow down, hand-billing, bannering, picketing or other disruptive activity at the Contractor's project site or any site of a contractor or supplier necessary for the performance of work at the project site and shall undertake all reasonablemeans to prevent or to terminate any such activity. No employee shall engage in activities which violate this Article. Any employee who participates in or encourages any activities which interfere with the normal operation of the Project shall be subject to disciplinary action, including discharge, and if justifiably discharged for the above reasons, shall not be eligible for rehire on the Project for a period of not less than thirty (30) days.

Section 3. The Unions shall not be liable for acts of employees for whom it has no responsibility. The International Union General President or Presidents and/or the Building and Construction Trades Council President will immediately instruct, order and use the best efforts of his office to cause the Local Union or Unions to cease any violations of this Article. An International Union or Building and Construction Trades Council President complying with this obligation shall not be liable for unauthorized acts of its Local Union. The principal officer or officers of a Local Union will immediately instruct, order and use the best efforts of his office to cause the employees the Local Union represents to cease any violations of this Article. A Local Union complying with this obligation shall not be liable for unauthorized acts of employees it represents. The failure of the Contractor to exercise its right in any instance shall not be deemed a waiver of its right in any other instance.

Section 4. Any party alleging a breach of this Article shall have the right to petition a court for temporary and permanent injunctive relief. The parties agree that the moving party, upon proving a breach of this Agreement, shall be entitled to temporary and permanent injunctive relief.

ARTICLE VII
SAFETY

The parties are mutually committed to promoting a safe working environment for all personnel at the job site. It shall be the responsibility of each employer to which this PLA applies to provide and maintain safe working conditions for its employees, and to comply with all applicable federal, state and local health and safety laws and regulations.

ARTICLE VIII
UNION-MANAGEMENT COOPERATION COMMITTEE

The parties to this Agreement agree to form a Union-Management Committee, consisting of signatory unions, contractors, and representatives of the City of Duluth. The purpose of the Committee is to ensure cooperation on matters of mutual concern, including productivity, quality of work, safety and health.

ARTICLE IX
DISPUTES AND GRIEVANCES

Section 1. This Agreement is intended to provide close cooperation between management and labor. Each of the Unions will assign a representative to this Project for the purpose of completing the construction of the Project economically, efficiently, continuously, and without interruptions, delays, or work stoppages.

Section 2. The Contractors, Unions, and the employees, collectively and individually realize the importance to all parties to maintain continuous and uninterrupted performance of the work on the Project, and agree to resolve disputes in accordance with the grievance-arbitration provisions set forth in this Article.

Section 3. Any question or dispute arising out of and during the term of this Project Labor Agreement (other than trade jurisdictional disputes) shall be considered a grievance and subject to resolution under the following procedures:

Step 1. (a) When an employee subject to the provisions of this Agreement feels he or she is aggrieve d by a violation of this Agreement, he or she, through his or her local union business representative or job steward, shall, within ten (10) working days after the occurrence of the violation, or knowledge of the violation, give notice to the work-site representative of the involved Contractor stating the provision(s) of the Collective Bargaining Agreement and/or this PLA alleged to have been violated. The business representative of the local union or the job steward and the work-site representative of the involved Contractor and the Project Contractor shall meet and endeavor to adjust the matter within three (3) working days after timely notice has been given. The representative of the Contractor shall keep the meeting minutes and shall respond to the Union representative in writing (copying the Project Contractor) at the conclusion of the meeting but not later than twenty-four (24) hours thereafter. If they fail to resolve the matter within the prescribed period, the grieving party may, within forty-eight (48) hours thereafter, pursue Step 2 of the Grievance Procedure, provided the grievance is reduced to writing, setting forth the relevant information concerning the allege d grievance, including a short description thereof, the date on which the grievance occurred, and the provision(s) of the Local Area Agreement and/or this PLA alleged to have been violated.

(b) Should the Local Union(s) or the Project Contractor or any Contractor have a dispute with the other party and, if after conferring, a settlement is not reached within seven (7) working days, the dispute may be reduced to writing and proceed to Step 2 in the same manner as outlined herein for the adjustment of an employee complaint.

Step 2. The Business Manager or his or her designee of a Local Union and the involved Contractor shall meet within seven (7) working days of the referral of a dispute to this second step to arrive at a satisfactory settlement thereof. Meeting minutes shall be kept by the Contractor. If the parties fail to reach an agreement, the dispute may be appealed in writing in accordance with the provisions of Step 3 within seven (7) calendar days thereafter.

Step 3. (a) If the grievance has been submitted but not adjusted under Step 2, either party may request in writing, within seven (7) calendar days thereafter, that the grievance be submitted to an Arbitrator mutually agreed upon by them. The Contractor and the involved Union shall attempt mutually to select an arbitrator, but if they are unable to do so, they shall request the Federal Mediation and Conciliation Service to provide them with a list of seven (7) neutral arbitrators from which the Arbitrator shall be selected. The parties shall alternatively strike arbitrators from the list until one remains, who shall preside at the hearing. The party striking first shall be determined by the flip of a coin. The decision of the Arbitrator shall be final and binding on all parties. The fee and expenses of such Arbitration shall be borne equally by the Contractor and the involved Local Union(s).

(b) Failure of the grieving party to adhere to the time limits established herein shall render the grievance null and void. The time limits established herein may be extended only by written consent of the parties involved at the particular step where the extension is agreed upon. The Arbitrator shall have the authority to make decisions only on issues presented to him or her, and he or she shall not have authority to change, amend, add to or detract from any of the provisions of this Agreement.

Section 4. The Project Contractor and Owner shall be notified of all actions at Steps 2 and 3 and shall, upon their request, be permitted to participate in all proceedings at these steps.

ARTICLE X
JURISDICTIONAL DISPUTES

Section 1. The assignment of work will be solely the responsibility of the Contractor performing the work involved; and such work assignments will be in accordance with the Plan for the Settlement of Jurisdictional Disputes in the Construction Industry (the "Plan") or any successor Plan.

Section 2. All jurisdictional disputes on this Project, between or among Building and Construction Trades Unions and employers, parties to this Agreement, shall be settled and adjusted according to the present Plan established by the Building and Construction Trades Department or any other plan or method of procedure that may be adopted in the future by the Building and Construction Trades Department. Decisions rendered shall be final, binding and conclusive on the Contractors and Unions parties to this Agreement.

Section 3. All jurisdictional disputes shall be resolved without the occurrence of any strike, work stoppage, or slow-down of any nature, and the Contractor's assignment shall be adhered to until the dispute is resolved. Individuals violating this section shall be subject to immediate discharge.

Section 4. Each Contractor will conduct a pre-job conference with the appropriate representatives of local unions affiliated with the Building and Construction Trades Council prior to commencing work. The Project Contractor and the Owner will be advised in advance of all such conferences and may participate if they wish.

ARTICLE XI
SUBCONTRACTING

The Project Contractor agrees that neither it nor any of its contractors or subcontractors will subcontract any work to be done on the Project except to a person, firm or corporation who is or agrees to become party to this Agreement. Any contractor or subcontractor working on the Project shall, as a condition to working on said Project, become signatory to and perform all work under the terms of this Agreement.

ARTICLE XII
HELMETS TO HARDHATS

Section 1. The Employers and Unions recognize a desire to facilitate the entry into the building and construction trades of veterans who are interested in careers in the building and construction industry. The Employers and Unions agree to utilize the services of the Center for Military Recruitment, Assessment and Veterans Employment (hereinafter "Center") and the Center's "Helmets to Hardhats" program to serve as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls, counseling and mentoring, support network, employment opportunities and other needs as identified by the parties.

Section 2. The Unions and Employers agree to coordinate with the Center to create and maintain an integrated database of veterans interested in working on this Project and of apprenticeship and employment opportunities for this Project. To the extent permitted by law, the Unions will give credit to such veterans for bona fide, provable past experience.

ARTICLE XIII
LABOR HARMONY CLAUSE

The contractor shall furnish labor that can work in harmony with all other elements of labor employed on the Project. "Harmony" shall mean that the contractor shall not sanction, aid or abet, encourage or continue any work disruptions, slowdowns, picketing, stoppages, or any violence or harm to any person or property while performing any work, or activities incidental thereto at the Project.

The contractor agrees that it shall require every lower-tier subcontractor to provide labor that will work in harmony with all other elements of labor employed in the work, and will include the provisions contained in the paragraph above, in every lower-tier subcontract let for work under this contract.

ARTICLE XIV
TRUST FUND PAYMENTS

Section 1. In the event a Union's Collective Bargaining Agreement permits withholding of services in response to an employer's willful failure to make Union Trust Fund payments, withholding of services by employees of Contractors who have failed to make payments to Union Trust Funds for established fringe benefits shall not be considered a violation of this Agreement, provided such withholding of services shall not be accompanied by picketing, hand billing or advising the public of the existence of a labor dispute against the delinquent employer.

Section 2. Before withholding services by employees of the delinquent Contractor, the appropriate Union shall notify the Contractor involved, the Project Contractor, and the Council, by written notice immediately of any delinquency of any Union Trust Fund so that the delinquency can be remedied without the necessity of withholding of services by employees of the delinquent Contractor. Immediate notice shall be defined as five (5) working days written notice from the Union in advance of withholding services by employees of a delinquent employer, or as per Local Union Collective Bargaining Agreement if less than five (5) days.

ARTICLE XV
NO DISCRIMINATION

Section 1. The Contractor and Union agree that they will not discriminate against any employee or applicant for employment because of his or her membership or non-membership in a Union or based upon race, color, religion, sexual preference, gender identification, national origin or age in any manner prohibited by law or regulation.

Section 2. Any complaints regarding application of the provisions of Section 1, should be brought to the immediate attention of the involved Contractor for consideration and resolution.

Section 3. The use of the masculine or feminine gender in this Agreement shall be construed as including all gender identification.

ARTICLE XVI
SAVINGS AND SEPARABILITY

It is not the intention of the parties to violate any laws governing the subject matter of this Agreement. The parties hereto agree that in the event any provisions of the Agreement are finally held or determined to be illegal or void as being in contravention of any applicable law, the remainder of the Agreement shall remain in full force and effect unless the part or parts so found to be void are wholly inseparable from the remaining portions of this Agreement. Further, the Contractor and Union agree that if and when any and all provisions of this Agreement are finally held or determined to be illegal or void by a Court of competent jurisdiction, the parties will promptly enter into negotiations concerning the substance affected by such decision for the purpose of achieving conformity with the requirements of an applicable law and the intent of the parties hereto.

ARTICLE XVII
DURATION OF THE AGREEMENT

The Project Labor Agreement shall continue in effect for the duration of the Project construction work described in Article II hereof. Construction of any phase, portion, section or segment of the Project shall be deemed complete when such phase, portion, section or segment has been turned over to the Owner and has received the final acceptance from the Owner's representative.

Since there are provisions herein for no strikes or lockouts in the event any changes are negotiated and implemented under a Local Area Agreement during the term of this Agreement, the Contractor agrees that, except as specified herein, such changes shall be recognized and shall apply retroactively to the termination date in the particular Local Agreement involved. Each Contractor which has a Local Agreement with a Union at the time that its contract at the project commences shall continue it in effect with each said Union so long as the Contractor remains on the project. In the event any such Local Area Agreement expires, the Contractor shall abide by all of the terms of the expired Local Agreement until agreement is reached on a new Local Agreement, with any changes being subject to the provisions of this Agreement.

The Union agrees that there will be no strikes, work stoppages, sympathy actions, picketing, slowdowns or other disruptive activity affecting the Project by any Union involved in the negotiation of a Local Area Agreement nor shall there be any lockout on this Project affecting the Union during the course of such negotiations.

[The remainder of this page intentionally left blank. Signature page to follow].

IN WITNESS WHEREOF, the parties have hereunto set their hands on the date of attestation shown below.

DULUTH BUILDING AND CONSTRUCTION TRADES COUNCIL

Click or tap here to enter text.

By: ______________________ Date: 1-1-25

Its: president

HISTORIC DULUTH ARMORY, LLC

By: DocuSigned by: Christopher L. Sherman 4EF7C2C723B84C1... Date: 1/29/2025

Its: President

PROJECT CONTRACTOR
KRAUS-ANDERSON
CONSTRUCTION COMPANY

By: ______________________ Date: 1/13/25

Its: Director of Operations

**SUBCONTRACTOR'S
AGREEMENT TO BE BOUND
PROJECT LABOR AGREEMENT**

The undersigned EMPLOYER (subcontractor) agrees that it has reviewed a copy of the Project Labor Agreement for the Historic Duluth Armory Rehabilitation Project located in Duluth, Minnesota, with the Duluth Building & Construction Trades Council and further agrees to become a party to and bound to the foregoing Agreement.

This form is to be completed by subcontractor and submitted to the Project Contractor. Project Contractor shall retain and submit to City of Duluth or Duluth Building & Construction Trades Council upon request.

Attest:

SIGNED FOR THE EMPLOYER: Dated: ____________________

Signature

Company Name

Company Address

Phone No., Job Site and/or Office

Fax No.

____
Signer's Name

____
Signer's Title

SCHEDULE "A"

For a copy of the current Local Area Collective Bargaining Agreement referenced in Article II, Section 9 of the PLA please contact directly the Local Union representing the craft for the work to be performed (see attached contact list) or contact the Duluth Building & Construction Trades Council.

A-1 Asbestos Workers Local 49

A-2 Boilermakers Local 647

A-3 BAC Local 1 Chapter 3 Duluth and Iron Range

A-4 Carpenters Local 361

A-5 Cement Masons/Plasters Local 633

A-6 Elevator Constructors Local 9

A-7 IBEW Local 242

A-8 Iron Workers Local 512

A-9 Laborers Local 1091

A-10 Millwrights Local 1348

A-11 Operating Engineers Local 49

A-12 Painters & Allied Trades Local 106

A-13 Plumbers & Fitters Local 11

A-14 Roofers Local 96

A-15 Sheet Metal Workers Local 10

A-16 Sprinkler Fitters Local 669

A-17 Teamsters Local 346

Affiliated AFL-CIO

DULUTH BUILDING AND CONSTRUCTION TRADES COUNCIL

2002 LONDON ROAD LABOR CENTER DULUTH, MINN. 55812

ASBESTOS WORKERS LOCAL 49
Dave Cartwright
2002 London Road #210
Duluth, MN 55812
(218) 724-3223 / Fax# 724-1870
dave@insulatorslocal49.org

BOILERMAKERS LOCAL 647
Bill Polchow
1007 NW 4th Street, Ste C
Grand Rapids, MN 55744
(218) 326-2572 / Fax# SAME
bpolchow647@outlook.com

BAC LOCAL #1 CHAPTER 3 DULUTH & IRON RANGE
Stan (Ogie) Paczynski
2002 London Road #100
Duluth, MN 55812
(218) 724-8374 / Fax# 724-8341
spaczynski@bac1mn-nd.org

CARPENTERS LOCAL 361
Chris Hill
5238 Miller Trunk Hwy
Hermantown, MN 55811
(218) 724-3297 / Fax# 724-8536
chill@ncsrcc.org

CEMENT MASONS LOCAL 633
Michael Syversrud
2002 London Road #112
Duluth, MN 55812
(218) 724-2323 / Fax# 724-2472
mikes@local633.org

ELEVATOR CONSTRUCTORS LOCAL 9
Dave Aaserud
433 Little Canada Rd E
Little Canada, MN 55117
(651) 287-0817 / Fax# 287-0820
d.aaserud@local9.com

IBEW LOCAL 242
Don Smith
2002 London Road #111
Duluth, MN 55812
(218) 728-6895 / Fax# 728-1965
dsmithk1242@unions-america.com

IRON WORKERS LOCAL 512
Darrell Godbout, *Vice President*
3752 Midway Road
Hermantown, MN 55810
(218) 724-5073 / Fax# 724-1525
darrell@iron512.com

LABORERS LOCAL 1091
Dan Olson, *Secretary*
2002 London Road #119
Duluth, MN 55812
(218) 728-5151 / Fax# 728-2431
laborers@local1091.com

MILLRIGHTS & MACHINERY ERECTORS LOCAL 1348
Wayne Nordin
726 4th Street N
Virginia, MN 55792
(218) 741-6314 / Fax# 741-6017
wnordin@ncsrcc.org

OPERATING ENGINEERS LOCAL 49
Eric Gulland & Mike Parrott
2002 London Road #116
Duluth, MN 55812
(218) 724-3840 / Fax# 728-1441
egulland@local49.org
mwparrott@local49.org

PAINTERS LOCAL 106
Craig Olson, *President*
2002 London Road #106
Duluth, MN 55812
(218) 724-6466 / Fax# 724-7339
president@duluthbuildingtrades.com

PLUMBERS & FITTERS LOCAL 11
Jeff Daveau, *Treasurer*
4402 Airpark Boulevard
Duluth, MN 55811
(218) 727-2199 / Fax# 727-2298
jeff@ualocal11.com

ROOFERS LOCAL 96
Vance Anderson
1145 Villa Vista Circle
Cromwell MN 55726
(218) 644-1096 / Fax# SAME
ualocal96@yahoo.com

SHEET METAL WORKERS LOCAL 10
Doug Christy
6279 Industrial Road
Saginaw, MN 55779
(218) 724-6873 / Fax# SAME
dchristy@smw10.org

SPRINKLER FITTERS LOCAL 669
James Westby
PO Box 398
Mabel, MN 55954
(507) 493-5671 / Fax# 493-5481
westby@mabeltel.com

TEAMSTERS LOCAL 346
Rod Aistead
2802 West 1st Street
Duluth, MN 55806
(218) 628-1034 / Fax# 628-0346
local@teamsters346.com

Exhibit F
Community Benefits Program Contract Specification

CITY OF DULUTH
COMMUNITY BENEFITS PROGRAM
GOOD FAITH EFFORTS PLAN

This City of Duluth Community Benefits Program Good Faith Efforts Plan (the “Plan”) is entered into and agreed upon between the City of Duluth (the “City”) and Kraus-Anderson Construction Company (the “Contractor”) with respect to the Duluth Armory - Phase 2 project located in Duluth, Minnesota (the “Project”), in accordance with the City of Duluth Community Benefits Program set forth in City of Duluth Ordinance 2-29(c) (the “Program). The approximate value of the Project is $18,000,000. There are no specific Eligible Worker goals for the Project, but the factors below shall be used to document the good faith efforts that will be undertaken on the Project in support of the Program. Documentation related to the good faith efforts set forth in the Plan shall be submitted to the City’s Office of Workforce Development as set forth below:

- Via email to Elena Foshay at *efoshay@DuluthMN.gov*
- Via fax to 218-730-5952
- In person at the City of Duluth Workforce Development Office:
  402 West First Street, Duluth, MN 55802

Date:	June 17, 2026
Company Name:	Kraus-Anderson Construction Company
Completed By:	Dan Markham
Title:	Director of Operations

Good Faith Efforts

☐ Contractor will participate in local job fairs and hiring events, including those at high schools, the City’s Workforce Center, and Lake Superior College.

☐ Contractor will work with the Workforce Development Department and with unions with which they have agreements to sponsor new Eligible Workers into such union’s apprenticeship programs.

☐ Contractor will work with Native American tribes and appropriate community organizations to recruit Eligible Workers.

☐ Contractor will support and participate in apprenticeship exploration programs and other construction career training opportunities.

☐ Contractor is open to site visits by the Workforce Development Division to allow the Workforce Development Division to conduct Construction Training Programs that will encourage participation of Eligible Workers in the Construction of Projects.

☐ Contractor will require Subcontractors to join with and cooperate fully with the Contractor in the implementation of the Contractor’s Good Faith Efforts plan.

Monthly Reporting

As part of the Plan, the Contractor commits to submitting a written report to the Workforce Development Department no later than ten (10) days following the end of the month in which Work Hours are performed on the Project, certifying the names and identities of all known Eligible Workers performing work on the Project in the prior month, the number of Work Hours performed by such Eligible Workers, and the total number of Work Hours performed by all workers on the Project, using the Community Benefits Monthly Reporting Form attached hereto as Attachment 1.

The City hereby approves this Plan and agrees that by providing details and supporting documentation demonstrating that the Contractor undertook good faith efforts and reporting requirements as outlined in this Plan, the Contractor has satisfied and complied with the requirements of the Program.

City of Duluth, Office of Workforce Development	Contractor
_______Betsy Hill____________________________	_____Daniel Markham__________________
Name (printed)	Name (printed)
____Workforce Development Tech II____________	_____Director of Operations_____________
Title	Title
_____ Betsy Hill ________________________	_______ _______________
Signature	Signature
_________06/25/2026______________________	_________7/7/26______________________
Date	Date

Exhibit G

Form of Minimum Assessment Agreement

ST. LOUIS COUNTY MINIMUM ASSESSMENT AGREEMENT -TIF

THIS MINIMUM MARKET ASSESSMENT AGREEMENT ("Agreement") is entered into as of _______________, ___ between the City of ______________ ("City") OR Duluth Economic Development Authority, an economic development authority created and existing under Minnesota Statutes Chapter 469 ("DEDA") and Historic Duluth Armory, LLC (the "Developer"), and the County Assessor for St. Louis County, Minnesota (the "Assessor").

BACKGROUND The Assessor's Minimum Market Value shall be as specified in this Agreement, regardless of actual market values that may result from incomplete construction or improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition or property by a public entity

A. City/DEDA and Developer are entering into a development agreement (the "Development Agreement") for the [re]development of property located in the City of Duluth, legally described on the attached Exhibit A (the "Property").

B. The Development Agreement provides that Developer may construct ______________ (the "Project") on the Property.

C. The development of the Project will be funded in part through the proceeds ________ ____________________________469.174 through 469.1794, to be issued by DEDA; the debt service on the related note will be paid from tax increments generated by the Project.

D. The Tax Increment Financing District for the Project has been approved by _EDA and the City.

E. City and Developer desire to establish certain minimum market values for the Property upon completion of the Project pursuant to Minnesota Statutes, Section 469.177, Subdivision 8.

F. Developer, City and the Assessor have reviewed the plans and specifications for the Project and reviewed the market value previously assigned to the land upon which the Project is to be constructed.

AGREEMENT

In consideration of the foregoing and other valuable consideration, the parties agree as follows:

1. The minimum market value assessed for the Project "Assessor's Minimum Market Value"), shall, and from January 2, 202_ be not less than $ 7,300,000.

2. During the duration of this Agreement, Assessor shall value the Property under *Minn.*

Stat. §273.11, except that the market value assigned shall not be less than the Assessor's Minimum Market Value Established by this Agreement.

3. [The Assessor's Minimum Market Value shall be as specified in this Agreement, regardless of actual market values that may result from incomplete construction or improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition or property by a public entity.]

4. Developer agrees that, solely with respect to ad valorem taxes arising from the Assessor's Minimum Market Value, during the term of this Agreement:

    a. Developer will not seek administrative or judicial review of (1) the assessment valuation, so long as the assessment valuation does not exceed the Assessor's Minimum Market Value identified in this agreement, or (2) the classification for assessment purposes, which shall be commercial. and

    b. Developer will not seek any deferral or abatement of the ad valorem taxes arising from the Assessor's Minimum Market Value, including all taxes payable under *Minn. Stat*. §272.01 subd. 2 and penalties or interest payable on all taxes, either presently or prospectively authorized under *Minn. Stat*. §469.181, *Minn. Stat. Ch.* 270, or any other State or Federal law.

5. The Assessor's Minimum Market Value established pursuant to this Agreement shall terminate and shall be of no further force and effect on the date that is the earlier of: (a) the date that TIF District terminates or is decertified; or (b) the date that the Development Agreement or the TIF note thereunder is terminated by DEDA for any reason or (c) the date that the tax increment is no longer paid to DEDA; or (d) _________.

6. DEDA shall provide the Assessor written notice no less than 60 days prior to the termination of the TIF District.

7. Upon its execution, Developer shall promptly record and/or register this Assessment Agreement in the Office of the St. Louis County Recorder and/or the Office of the St. Louis County Registrar of Titles and pay all costs associated therewith. Upon recordation, Developer shall immediately submit to City and to St. Louis County an executed original of this Assessment Agreement showing the date and document numbers of record, or duly certified copies of the filed originals. The parties shall execute and record a termination of this Assessment Agreement upon the Termination Date.

8. The Assessor represents that the Assessor has reviewed the plans and specifications for the Project and the market value previously assigned to the Property, and represents that the Assessor's Minimum Market Value as set forth in this Agreement is a reasonable estimate.

9. Nothing in this Agreement limits the discretion of the Assessor to assign to the Project a market value in excess of the Assessor's Minimum Market Value or prohibits Developer from seeking through the exercise of legal or administrative remedies a

reduction in such market value for property tax purposes; provided however, that a reduction of such market value shall not be sought below the Minimum Market Value so long as this Agreement remains in effect.

10. This Assessment Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

11. This Agreement may only be modified by the written consent of all parties.

12. This Assessment Agreement shall be governed by and interpreted pursuant to the laws of the State of Minnesota.

13. In the event any provision of this Assessment Agreement shall be held invalid and unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

14. Each of the parties has authority to enter into this Assessment Agreement and to take all actions required of it, and has taken all actions necessary to authorize the execution and delivery of this Assessment Agreement. This Assessment Agreement may be executed in counterparts, each of which shall constitute an original hereof and all of which shall constitute one and the same instrument.

15. Nothing in this Agreement is intended to modify, nor shall it be construed to modify, the terms of the Development Agreement.

The parties have executed this Assessment Agreement as of the date first stated above.

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed certain plans for the Project to be constructed and the market value assigned to the land upon which the Project to be constructed, as described in this Assessment Agreement, hereby states as follows: The undersigned Assessor, being legally responsible for the assessment of the above described property, hereby certifies that the $ 7,300,000 _ market value herein above assigned to the Project is reasonable.

____

County Assessor for St. Louis County

____

Notary Public