# RESOLUTION 26D-18

## RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT WITH HISTORIC DULUTH ARMORY, LLC FOR THE REDEVELOPMENT OF THE ARMORY ARTS AND MUSIC CENTER

WHEREAS, Historic Duluth Armory, LLC ("Developer") proposes to redevelop the Armory Arts and Music Center building and associated property, located at 1301 London Road in Duluth, Minnesota 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 Duluth Economic Development Authority ("DEDA") has determined that it is reasonable and necessary to provide certain financial assistance to Developer in order to facilitate Developer's plans for the Project and to that end, DEDA and Developer have negotiated a Development Agreement for the Project; and

WHEREAS, DEDA has approved the establishment of Tax Increment Financing District No. 39, a Redevelopment District (the "TIF District") pursuant to Minnesota Statutes §§469.174 to 469.1794, as amended; and

WHEREAS, pursuant the terms of the Development Agreement, DEDA proposes to provide certain tax increment financing assistance to Developer consisting of a pay-as-you-go tax increment revenue note (the "TIF Assistance") payable from the TIF District; and

WHEREAS, the TIF Assistance constitutes a business subsidy within the meaning of Resolution 18-0515R of the City of Duluth (the "Business Subsidy Resolution"), and the Development Agreement constitutes a "business subsidy agreement" under the Business Subsidy Resolution; and

WHEREAS, pursuant to Minnesota Statutes §§116J.993 through 116J.995 (the "Business Subsidy Act"), if after a public hearing, the creation of jobs is a goal, the business subsidy agreement must include wage and job goals;

WHEREAS, DEDA on this same date held a duly noticed public hearing, at which all interested persons were given the opportunity to be heard, on the granting of a business subsidy to Developer pursuant to the Development Agreement and on setting the wage and job goals in accordance with the Business Subsidy Act; and

NOW, THEREFORE, BE IT RESOLVED:

1. DEDA finds that the Development Agreement is in the best interests of the City and the welfare of its residents, and in accordance with the public

purposes and provisions of the applicable State and local laws and requirements under which the development will be undertaken.

2. DEDA hereby determines that the Project will increase the number and diversity of jobs that offer stable, predominantly full-time employment with high quality wages and benefits; enhance the economic diversity of the City and the City's tax base; enhance the quality of life of the City's residents by investing in neglected neighborhoods or business areas and stimulating the redevelopment of underutilized, blighted or obsolete land uses including rehabilitation or demolition of commercial and industrial areas in the city and substandard structures and contaminated land; expand the City's tax base and realize a reasonable rate of return on the public investment; encourage the development of areas in the City that result in higher quality development and private investment; and achieve redevelopment on a site which would not be redeveloped without assistance.

3. DEDA hereby authorizes the proper DEDA officials to enter into a Development Agreement containing a business subsidy agreement with Developer, substantially in the form of that attached hereto as Document 1, together with any related documents necessary in connection therewith.

4. DEDA staff, officials and consultants are authorized and directed to implement the terms of the Development Agreement as provided therein and carry out DEDA's obligations under the Development Agreement.

Approved by the Duluth Economic Development Authority this 22nd day of July 2026.

ATTEST:

________________________________
Executive Director

STATEMENT OF PURPOSE: The purpose of this resolution is to authorize a development agreement with Historic Duluth Armory, LLC ("Armory") and the Duluth Economic Development Authority to support the Armory's redevelopment of the Armory Arts and Music Center ("AAMC"). To support the proposed creation of approximately 14 permanent full-time jobs new or retained jobs, tax increment financing ("TIF") will be utilized.

Once the $33,000,000 redevelopment is completed, the building will operate as a multi use cultural and community destination. Programmed uses include a large event and concert venue in the historic drill hall, a daily operating food hall, a 4,000 square foot ballroom for weddings and large events, reduced-rent artist studios and office space, and education and rehearsal space for youth music programs. Specifically, the building will offer almost 15,000 square feet of studio/office space for 12-15 users outside of the AAMC-operated drill hall and ballroom. The anticipated project timeline reflects significant progress to date, with abatement and roof work already completed and full build out progressing toward a July 2026 closing. Construction completion and stabilization are targeted for Fall 2027. The Armory Arts and Music Center is located at 1301 London Road, Duluth, MN 55805.

The total development cost is estimated to be $33,000,000. DEDA will provide up to $2,600,000 of the TIF generated by this project plus interest at the rate of 5% to pay for public eligible costs of redevelopment on a pay-as-you-go basis. The term of the TIF Note is 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 until the principle interest on the TIF Note has been paid in full, whichever is sooner;.

Tax base impact statement:

The current market value (2025, payable 2026) of the properties located in this 25 year Redevelopment TIF District (to be created by DEDA) is $1,977,800 and the property is generating $5,412 in net tax capacity. After the improvements are completed, the taxable market value will increase to $7,300,000 and the annual tax increment will be provided to the Developer to facilitate the redevelopment. After the TIF District is terminated, the development is anticipated to generate over $378,454 per year in net tax capacity (based on the County Assessor's valuation of the completed property, not including inflation).