



Business Subsidy Agreement Pre-Approval Report

Armory Arts and Music Center Redevelopment

Business Subsidy Recipient Information

1. Name of Business or Organization: Historic Duluth Armory LLC
2. Address: 233 Park Avenue South, Suite 201, Minneapolis, MN 55415
3. Does the recipient have a parent corporation? No
4. Did the recipient relocate as a result of signing this agreement? No

Summary Agreement Information

1. Brief description of the proposed project

The planned redevelopment of the Historic Armory building will 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.

2. Total value of proposed project

Total Development Costs: Approximately \$33,000,000
Total projected estimated market value: \$7,300,000

3. Summary of type(s) of subsidy and total dollar value for each

- a. Grantor of assistance

- i. Redevelopment Grant

1. DEED

2. Total value of assistance: \$ 672,918.00

- a. Received and expended

- ii. Tax Increment Financing

1. DEDA

2. Total value of assistance: Up to \$2,600,000

- a. Subsidy and amount of subsidy contingent upon DEDA and City Council approval

4. What other financing avenues were pursued?
 - a. N/A

Applicability of Current Duluth and State Laws

1. Is this project covered under Duluth's Prevailing Wage law as defined in Article 2, Section 2-25? I
 - a. Yes.
2. Is this project covered under Duluth's Project Labor Agreement law as defined in Article 2, Section 2-29? If not, state the specific applicable exclusion.
 - a. Yes.
3. Is this project is covered by Duluth's Living Wage law as defined in Article 26, Chapter 2 of the Duluth City Code?
 - a. Yes.
4. Is this project covered by the business subsidy statute as defined in Minnesota Statutes 116J.993-.995 and subject to reporting?
 - a. Yes.

Public Purpose and Public Benefit Criteria

1. Public Purpose Criteria. State which two (minimally) of the five public purposes this project meets with a brief explanation of why it the proposed project meets these criteria.
 - a. High quality jobs.
 - i. During the course of construction, the project expects to 25-35 workers per day. The project team includes various local firms under contract such as LHB (architect), New History (historic preservation consultant), ACCT (abatement specialists), Kraus Anderson (general contractor), Jamar Co. (roofing and mechanical), Holden Electric, and Old World Windows. Long-term, the project will generate new jobs in various sectors, including arts, music, food services, and event management. The expansion of current arts programs and the creation of new ones will require hiring experienced professionals, thereby increasing the number and diversity of quality jobs in Duluth. Diversify Duluth's economy. Once the project is completed, it was have retained/created 14 full-time permanent jobs.
 - b. Quality of life
 - i. The redevelopment of this historic building will provide an arts and community space for visitors and locals to enjoy.
 - c. Tax Base
 - i. The tax base is projected to increase from the current annual net tax capacity of \$5,412 to a net tax capacity of approximately \$378,454 (after Tax Increment Financing ends).
2. Preferential Public Benefit Criteria. Which other preferential public benefit criteria does this project meet, if any? Provide a brief explanation of how it meets the criteria.

- a. Locally owned businesses
 - i. When available, local contractors or consultants will be hired to work on site clean-up, design, construction, etc.
 - b. Workforce development and hiring low-income, unemployed and hard-to-employ residents
 - i. The construction of the project will be accompanied by hiring goals via a Community Benefit Agreement, including providing building trades-opportunities for women and those experiencing real barriers to employment.
 - c. Protected class business owners
 - i. See above.
 - d. Other community benefits
 - i. N/A.
3. Duluth Comprehensive Plan and other City Plans
- a. What current City plans, if any, cover this project? How does the project relate to the applicable plans?
 - i. N/A
 - b. Additionally, the project adheres to the following principles identified in the Comprehensive Plan:
 - 1. Principle #1 – Reuse previously developed lands
 - 2. Principle #3 – Support existing economic base
 - 3. Principle #4 – Support economic growth sectors
 - c. Are there any special zoning or permitting exemptions that need to be made for this project? If yes, provide a brief explanation.
 - i. N/A

Specific project goals

- 1. For each public purpose state the specific, measurable and tangible goals that were set for the project:
 - a. Public Purpose - Type of goal
 - i. Creation of high-quality jobs
 - ii. Below-market leases to artists, musicians, and non-profits
 - b. Specific Goals established
 - i. Achievement of the Business Subsidy Goal is defined as follows: 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.
 - c. Target Attainment Dates
 - i. 2 years after the Certificate of Completion is provided.
- 2. Progress toward these goals will be reported by the recipient of a business subsidy on an annual basis by February 1st for the preceding year (see Section 8 (d) - Business Subsidy Criteria), and provided to DEDA by March 15th.