

Council Agenda Item 26-0647R



MEETING DATE: July 27, 2026

SUBJECT/TITLE: RESOLUTION AUTHORIZING A DEVELOPMENT AGREEMENT BETWEEN THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY AND HISTORIC DULUTH ARMORY, LLC FOR THE REDEVELOPMENT OF THE ARMORY ARTS AND MUSIC CENTER

SUBMITTED BY: Tricia Hobbs, DEDA Executive Director

RECOMMENDATION: Approve Resolution

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: On July 22, DEDA approved the Development Agreement related to the tax increment financing in support of the redevelopment of the Armory Arts and Music Center.

PREVIOUS COUNCIL ACTION:

- April 27, 2026: Council adopted a resolution (26-0335R) establishing TIF District No. 39, and adopting the corresponding TIF Plan related to the Armory Arts and Music Center redevelopment located at 1301 London Road, Duluth, MN 55805.

BACKGROUND: The purpose of this resolution is to obtain the city council's approval of the development agreement between Historic Duluth Armory and DEDA to support the Armory's redevelopment of the Armory Arts and Music Center. DEDA approved the agreement at its July 22, 2026 meeting via resolution (attached). To support the proposed creation of 14 full-time permanent jobs, TIF will be utilized. DEDA set the wage and job goals after a public hearing in accordance with the Business Subsidy Act, Minnesota Statute Sections 116J.993–116J.995.

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 15,000sf 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 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.

Several terms are in place to protect the City's interest, including proportional reductions in TIF when job goals are not (Article 8.B); proportional reductions in TIF when construction deadlines are not met (Article 7.E); and a requirement that the property must remain fully taxable in perpetuity (Article 10.E).

BUDGET/FISCAL IMPACT: The previously approved TIF district would provide up to \$2,600,000 to support the project over 26 years, \$676,000 of which would come from the City's share of the property taxes.

OPTIONS: Approve or deny the resolution. If the resolution is approved, DEDA and the Armory will enter into the attached development agreement, and the Armory can move forward with redevelopment of the Historic Armory Arts and Music Center. If the resolution is denied, the Armory will continue to seek other funding to support the redevelopment of the Historic Armory Arts and Music Center – and the already approved TIF District will sit unutilized.

NECESSARY ACTION: Approve the resolution

ATTACHMENTS: Attachment A: DEDA Resolution approving the Development Agreement; Attachment B: Development Agreement; Attachment C: Business Subsidy Agreement Pre-Approval Report