

The redevelopment of a site to provide retail options to a sports center

## PROJECT BASICS

Type:

**Real Estate – Retail**

Total Development Cost:

**\$9.9 million**

LISC New Markets Tax Credit Allocation:

**\$9.1 million**

## PROJECT STAKEHOLDERS

LISC Program:

**Duluth LISC**

Investor:

**US Bank**

Lenders:

**Beacon Bank, Hurlbut-Zeppe Trust**

Sponsor/Developer:

**Alessandro Giuliani**

## COMMUNITY NEED

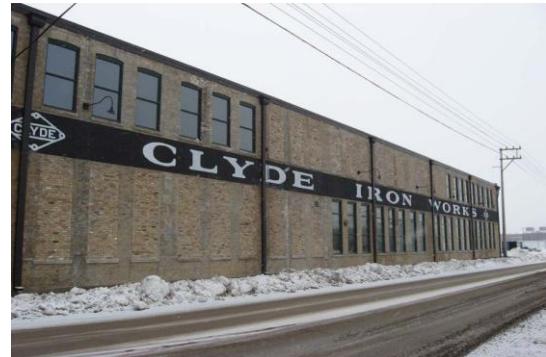
- **32.6% Poverty Rate**
- **Unemployment rate 1.47 times the national average**
- **Family income 41.1% of the area median**
- **Brownfield Site**

## COMMUNITY IMPACT

- **39,502 sq. ft. of Commercial Space**
- **54 Permanent Jobs**
- **60 Construction Jobs**

### Project Snapshot:

- The project entailed the second phase of the rehabilitation of Clyde Park, the former home of Clyde Iron Works, a manufacturing company in Duluth, MN.
- This phase encompassed the rehabilitation of the Clyde Market into a restaurant and brewery and an entertainment facility and the construction of a two-story facility that houses a bakery, coffee shop, market, and athletic training center.



### Project Background:

- Clyde Iron Works, a manufacturer of cranes, cargo hoists, derricks and other construction equipment, was located at the Clyde Park site since 1898.
- Over the past 50 years, there had been a steady decline of business at Clyde Iron Works, and it ceased operations in 2003.
- Alessandro Giuliani, the developer, acquired the site in 2003 and began investing capital to resolve the environmental issues and redevelop the site.
- The developer donated a portion of the site for the development of the Duluth Heritage Sports Center. The center contains two ice rinks, a year-round ice arena, and a multi-use sports pavilion that supports practice during winter months and other indoor sports the remainder of the year.
- The developer looked to build on the momentum generated from the Heritage Sports Center and develop the remaining footprint of the Clyde Park site. The development will consist of two components: the Clyde Market and the Sports Medicine/Retail Building
- The Clyde Market was a 29,502 square foot existing facility that has been rehabilitated to house two tenants: Clyde Park Restaurant and Brewery and Clyde Park Venue, an entertainment facility with two levels of seating.
- The Sports Medicine/Retail building is a newly constructed two story 10,000 square foot building. The first floor houses the Clyde Park Bakery, Clyde Park Coffee Shop, and a fresh fruit and produce market. The second floor houses a franchisee of Athletic Republic, a national athletic and sports training company.
- LISC in combination with the Minnesota Vikings and the National Football League provided a \$200,000 Grassroots Field Grant for artificial turf in the Heritage Sports Center.
- LISC is also investing in the redevelopment phase for the Duluth Children's Museum to be located on site.

### Leveraging Solutions through New Markets Tax Credits (NMTC):

- The developer had difficulty finding adequate sources of financing to cover all of the costs associated with this rehabilitation. Our program offered a way to leverage the available financing and bridge the gap.
- \$9.1 million in NMTC allocation authority provided a custom product with non-traditional/favorable terms including: a below market interest rate, a lower than standard origination fee, a longer interest-only payment period, a longer amortization period, and a higher than standard loan-to-value ratio.