

Council Agenda Item: 25-0929R



MEETING DATE: DECEMBER 8, 2025

SUBJECT/TITLE: RESOLUTION AUTHORIZING A REVOLVING LINE OF CREDIT IN THE AMOUNT OF \$4,000,000 FOR THE DULUTH ENTERTAINMENT CONVENTION CENTER AUTHORITY

SUBMITTED BY: Joshua Bailey, City Auditor

RECOMMENDATION: Approve.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: Not applicable.

PREVIOUS COUNCIL ACTION: The DECC previously had a \$1,000,000 line of credit for operational cash flows approved by Resolution 23-0734R. This line of credit was never drawn upon.

BACKGROUND: The DECC was awarded and has entered into an agreement (referenced as State project SPAP-23-0032-P-FY25) with the State of Minnesota for \$5M to fund capital improvements and renovations at the DECC. The DECC does not have the current cash flow capacity to cash flow the project. The line of credit is required to ensure adequate cash flow for the DECC as it undertakes the procurement of critical infrastructure components, including industrial-grade HVAC systems and electrical transformers. These expenditures are directly associated with a state-approved bonding project authorized in 2023. All costs incurred under this initiative will be fully reimbursed by the State of Minnesota.

BUDGET/FISCAL IMPACT: This line of credit provides short-term cash flows related to a capital project at the DECC. The City is charging a .50% interest "surcharge" beyond the current federal funds rate on any funds drawn. The current federal funds rate is the approximate rate that the City is able to obtain on short-term investments. The additional .50% provides additional compensation to the City for providing the line of credit and is likely a better financing option than the DECC would be able to obtain from a 3rd party.

OPTIONS: Approve resolution or DECC will need to try and obtain 3rd party financing for the project. 3rd party financing would likely require City Council approval as well.

NECESSARY ACTION: Approve resolution

ATTACHMENTS: DECC Line of Credit Promissory Note