

**Council Agenda Item 25-0328R**



**MEETING DATE:** April 28, 2025

**SUBJECT/TITLE:** RESOLUTION AUTHORIZING AN AGREEMENT WITH THE DULUTH 1200 FUND, INC. TO TRANSFER \$1,400,000 FOR THE PURPOSE OF ADMINISTERING A HISTORIC FUND PROGRAM

**SUBMITTED BY:** Tricia Hobbs – Manager, Economic Development & DEDA

**RECOMMENDATION:** Approve the transfer of funds.

**BOARD/COMMISSION/COMMITTEE RECOMMENDATION:** On April 10, 2025, the 1200 Fund Board of Directors approved the attached transfer agreement.

**PREVIOUS COUNCIL ACTION:** 25-086R: This resolution authorized city officials to enter into and implement the Settlement Agreement in *Respect Starts Here*, a membership organization, and *Eric Ringsred v. Duluth Economic Development Authority and the City of Duluth*. The settlement included a \$1.4 million transfer from the City of Duluth to the Duluth 1200 Fund for creation of the Historic Fund.

**BACKGROUND:**

This purpose of this resolution is to authorize the proper city officials to transfer \$1.4 million to the Duluth 1200 Fund, Inc. (“1200 Fund”) for the creation and management of the Historic Fund, as indicated in the settlement agreement concerning *Respect Starts Here v. Duluth Economic Development Authority and the City of Duluth*— approved by City Council on January 27, 2025 (25-086R).

The Historic Fund will offer grants or low-interest loans to owners of buildings listed as “contributing” to the Duluth Commercial Historic District, for investments in, repairs to, or rehabilitation of contributing buildings, in accordance with the Program Guidelines, attached as Exhibit B.

The Historic Fund will (a) offer priority lending for investments in, repairs to, or rehabilitation of contributing buildings on East First Street; and (b) 0% interest loans and 50% loan forgiveness with matching private investment for investments in, repairs to, or rehabilitation of contributing buildings on East First Street.

The 1200 Fund plans to launch this program later this spring.

**BUDGET/FISCAL IMPACT:** \$1.4 million transfer from Fund 255 to the 1200 Fund



**OPTIONS:** Approve this transfer agreement to comply with the terms of the settlement agreement or deny the transfer agreement and put the City in breach of the settlement agreement.

**NECESSARY ACTION:** Approve the settlement agreement.

**ATTACHMENTS:** Historic Fund Transfer Agreement (2025-04-28 Historic Fund Transfer Agreement with City\_1200 Fund); 1200 Fund Historic Fund Guidelines (2025 - Historic Fund Guidelines\_Final)