

Pastoret Terrace/Kozy Settlement Will
Benefit Duluth's Historic District

[Duluth, MN] The City of Duluth and Duluth Preservationist Dr. Eric Ringsred and his organization, Respect Starts Here, have finalized a settlement in the lengthy litigation concerning the Pastoret Terrace/Kozy Building in Duluth.

Dr. Ringsred has been an advocate for preserving historic buildings in the Duluth Commercial Historic District for years. The City of Duluth and the Duluth Economic Development Authority (DEDA) are committed to reinvestment in historic downtown Duluth. The settlement provides funding to support investment in the Historic District. The settlement also allows for the demolition of the Pastoret Terrace/Kozy Building. The City has found that it is not feasible to restore the decayed and fire-damaged property.

The settlement was reached at a Mediation conducted on May 23, 2024. The City of Duluth was represented by Assistant City Attorney Elizabeth Sellers Tabor. Dr. Ringsred and Respect Starts Here were represented by Atty. Miles Ringsred. Duluth attorney Steve Reyelts presided as the Mediator.

Subsequent to the Mediation, the parties finalized language in the Settlement Agreement. The settlement was confirmed by Judge Eric Hylden in the Court's Order of December 18, 2024.

Counsel for the parties worked further on the final language of the Settlement Agreement which will be presented for approval by DEDA at its meeting of January 22, 2025. The City Council will consider a resolution to approve the settlement at the January 27, 2025 Council Meeting.

In the settlement, DEDA and the City will provide three specified categories of funding to support investment in the Duluth Commercial Historic District, with amounts and conditions spelled out in the agreement; impose specific design guidelines on the first floor of new construction on the subject property site; and support complete applications for Legacy Fund grant applications for use on projects in the Duluth Commercial Historic District through letters of support.

This settlement demonstrates the City and DEDA's commitment to the vitality of and reinvestment in historic downtown Duluth. While the structures at the center of this lawsuit will not be rehabilitated, 100 % of the settlement funds will go toward investment in the nationally-designated Duluth Commercial Historic District. \$1.4 million will establish a fund, to be managed by the 1200Fund, to provide grants and low-interest loans to owners of contributing buildings to the Duluth Commercial Historic District for investment in and repairs to those buildings. Buildings on the First Street corridor will receive priority lending and favorable terms. This new historic properties fund will help to spur private investment in historic downtown.

Although the Pastoret Terrace itself will be lost to demolition, the settlement will allow the site of the Pastoret Terrace to be a catalyst for reinvestment in the neighborhood. Design standards for the first floor of any new construction of the site mean the street level will fit with the character of surrounding historic properties, including storefront windows. Other aspects of new construction will not be restricted, opening potential for a taller building with skywalk connection.

Under the settlement, DEDA will make up to \$700K available to Plaintiffs for their investments in contributing buildings in their control in the Duluth Commercial Historic District. The parties to the settlement have agreed to a protocol for approvals and reimbursements that proved successful in settling previous litigation involving St. Louis County, resulting in repairs and rehabilitation to the St. Regis apartment building.

In addition, the City will pay approximately \$30K in delinquent taxes on contributing buildings under Plaintiffs' control in the Duluth Commercial Historic District. Payment of these delinquent taxes will help avoid a cycle of tax forfeiture and will help Plaintiffs focus on improvements to their historic properties.

The City of Duluth and DEDA remain committed to the reinvestment and redevelopment of downtown, and look forward to the much-needed and long-awaited momentum that this settlement agreement will ignite in the rehabilitation and enrichment of historic downtown Duluth. Details on how to apply for grants and loans related to the settlement funds will be made available in coming weeks.