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City of Duluth Communications Office

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DATE: 04/19/2010

SUBJECT: DEDA to purchase NorShor and Temple Opera Buildings from Eric Ringsred

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DEDA to purchase NorShor and Temple Opera buildings from Eric Ringsred

The Duluth Economic Development Authority has negotiated an agreement to purchase the Temple Opera Building, NorShor Theater and NorShor Annex buildings from owner Eric Ringsred, Mayor Don Ness announced this afternoon. After more than two weeks of negotiations, Ringsred signed a purchase agreement over the weekend to sell all three buildings for \$2.6 million.

“The NorShor can and should be the crown jewel of the downtown waterfront district. With the private development taking place in Old Downtown, the revitalization of this property is the key to creating a thriving district that features arts, entertainment and entrepreneurs,” said Mayor Ness. “Eric cares deeply about this district and the future of these buildings. In the end, it was our common vision for the full rehabilitation of the theater that made this agreement possible.”

Mayor Ness said that by owning the properties, the city now will be able to cost-effectively extend the Downtown Skywalk system to the Sheraton Hotel and SMDC, which the city is contractually committed to completing in a timely manner. Through an agreement between Mr. Ringsred and the operator, the NorShor Experience will not operate in the theater after the sale is complete. All other leases in the NorShor Annex and TempleOperaBuilding will remain in place.

The purchase of this important property demonstrates a commitment by the City to invest in the vitality of Old Downtown. As the City prepares for mediation regarding the second 25 years of the Casino agreement, this purchase will demonstrate a good faith effort to support the success of the Fond du Luth Casino in downtown.

“My goal has always been to ensure that the historic aspects of that block are preserved while also providing opportunities for private companies to succeed,” said Ringsred. “The city shares that commitment, and that is why I am now willing to sell these properties.”

The closing for the sale is scheduled for May 14, contingent upon approval by the DEDA Board and subsequent approval by the city council. The purchase will be funded by \$1.3 million from the downtown storefront loan program, \$930,000 from the district 4TIF, and \$370,000 from existing downtown redevelopment funds.

“In recent years, Eric Ringsred had turned down offers totaling \$3 million for the buildings – \$1.5 million for the NorShor Theater from the Zeppa Foundation, and another \$1.5 million from a private developer for the separate Annex and Temple Opera Building,” said Steve LaFlamme, president of Oneida Realty who mediated the negotiation process between the City and Ringsred. “Two-point-six million is a fair price for both parties.”

Mayor Ness said that since it is contractually bound to extend the Skywalk, the city would have needed to reroute a section of Skywalk up Second and Third Avenues East behind Ringsred’s properties if a sale had not been agreed to thereby potentially increasing the cost of the skywalk with a complex route.

“For many reasons, this is an important acquisition for our city,” said Mayor Ness.

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