



view of it is depicted on the attached Exhibit C.

The city originally acquired this property in 1993 under a conditional use deed from the State of Minnesota, Department of Transportation (“MnDOT”) exclusively for highway purposes, but the city does not have current or future needs for the Property that purpose. City staff worked with MnDOT to obtain its approval to convey the real property for non-highway purposes and to support future development. A copy of MnDOT’s written approval is attached as Exhibit D.

Section 2-178 of the Code allows the city to directly sell a parcel of property to an adjacent property owner without competitive bidding if no building can legally be constructed on it. The Property is undevelopable on its own and no building can be legally constructed on it. Once the Property is combined with the adjacent parcels, Launch Properties LLC or its assign will develop a commercial building. The sale of the Property shall not occur unless and until Launch Properties, LLC or its assigns is an adjacent owner as defined in Section 2-178 of the Duluth City Code, 1959, as amended (the “Code”).

Section 2-178 of the Code requires that the sale price of the Property must be at least equal to its market value as determined by the assessor. The St. Louis County Assessor estimated the market value of the Property is at least \$24,270. Launch Properties LLC agrees to purchase the Property for \$25,270 and bear all costs incurred with the conveyance, including deed tax and recordation filing fees.