



## Legislation Text

**File #:** 21-043-O, **Version:** 1

AN ORDINANCE AUTHORIZING THE CONVEYANCE OF CERTAIN REAL PROPERTY IN THE SPIRIT VALLEY NEIGHBORHOOD TO CATALYST HOLDINGS LLC FOR \$5,000, PLUS AN ADMINISTRATIVE FEE OF \$500.

### CITY PROPOSAL:

The city of Duluth does ordain:

#### Section 1.

(a) Pursuant to Section 2-176(a) of the Duluth City Code, 1959, as amended (the "Code"), the city council stated its intention to sell or convey certain property, as set forth in Resolution No. 21-0628, legally described on the attached Exhibit 1 (the "Property").

(b) Pursuant to Section 2-176(b) of the Code, the City's planning department reviewed the proposed conveyance of the Property for conformity to the City's comprehensive plan and reported that the conveyance of the Property conforms with said comprehensive plan and is surplus to the City's future needs.

(c) Pursuant to Section 2-176(c) of the Code, the St. Louis County Assessor determined that the estimated market value of the Property is \$300.

(d) Pursuant to Resolution No. 21-0747, the city council authorized city officials to enter into a purchase agreement (the "Purchase Agreement") for the sale of the Property to Catalyst Holdings LLC, a Minnesota limited liability Company ("Catalyst").

#### Section 2.

(a) Pursuant to Sections 2-177(d) and 2-177.4 of the Code, the City may convey property to a non-governmental entity at an amount at or less than market value in order to further city interests if the city council finds that such conveyance will further other important city interests or objectives and that such conveyance is necessary to the accomplishment of such interests.

(b) Catalyst is the owner of certain real property adjacent to the Property (the "Catalyst Property") and has entered into a development agreement with the city (the "Development Agreement") relating to a residential housing project on the Catalyst Property (the "Project"), which development agreement was authorized under Resolution No. 21-0578 on August 16, 2021.

(c) The Catalyst Property is not large enough to accommodate the entire Project and Catalyst desires to purchase the Property to combine with the Catalyst Property.

(d) The City desires to sell the Property to Catalyst to be used in connection with the Project.

(e) The city council finds that a conveyance of the Property to Catalyst promotes reinvestment in neighborhoods and creates efficiencies in delivery of public service (Principles #5 and 12 of the Imagine Duluth 2035 Update to the Comprehensive Plan). The City previously determined that the interests of the citizens of the city and the wellbeing and quality of life in the city will be enhanced by nurturing and encouraging the development of the Project (as stated in the Development Agreement). Additionally, Catalyst's ownership and development of the Property will create: (i) new residential units to the city's housing stock and (ii) new taxable value to the city. These are important city objectives that will be accomplished by the conveyance of the Property to Catalyst.

Section 3. That the proper city officials are hereby authorized to convey the Property to Catalyst for the sum of \$5,000.00 (the "Purchase Price"), plus \$500.00 for an administrative fee (the "Fee"), and in accordance with the terms of the Purchase Agreement. The Purchase Price shall be deposited into Fund No. 110-700-1420-4640 (General Fund, Transfers and Other Functions, Capital Program, Sale of Land), and the Fee shall be deposited into Fund No. 110-700-1420-4644 (General Fund, Transfers and Other Functions, Capital Program, Misc. Fees, Sales & Services).

Section 4. The proper city officials are further authorized to execute a quit claim deed (the "Deed") and

all other documents necessary to effectuate the conveyance of the Property to Catalyst. The Deed shall reserve a street and utility easement in favor of the City, in trust for the benefit of the public, over that portion of the Property legally described and depicted on the attached Exhibit 2.

Section 5. That this ordinance shall take effect 30 days after its passage and publication.

STATEMENT OF PURPOSE: The purpose of this ordinance is to authorize the conveyance of real property legally described on the attached Exhibit 1 (the "Property") to Catalyst Holdings LLC, a Minnesota limited liability company ("Catalyst"). The Property is located in the Spirit Valley neighborhood located off Mike Colalillo Drive between 50th Avenue West and 51st Avenue West.

The sale of the Property shall be in accordance with the terms and conditions of the purchase agreement authorized under Resolution No. 21-0747. The deed conveying the Property will retain a street and utility easement in favor of the City, in trust for the benefit of the public, over that portion of the Property used in connection with Mike Colalillo Drive.

Catalyst agrees to: (i) purchase the Property for \$5,000, (ii) pay an administrative fee of \$500 for staff time invested to facilitate the conveyance, and (iii) bear all costs incurred with the conveyance, including deed tax and recording fees.