

THE CITY OF

Troy Klecker
Community Development Director



OWATONNA

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DATE: May 12, 2021
TO: Mayor and City Council
FROM: Community Development Department – Troy Klecker
SUBJECT: Execution of Deed – Owatonna Hospitality 1, LLC

Purpose:

City Council to approve the Execution of Deed to finalize sale of City property for the development of a new hotel on the east side of the 200 block of North Cedar Avenue.

Background:

On December 1, 2020, Council approved a Purchase Agreement with Owatonna Hospitality 1, LLC for the City owned property to be part of the site for a new hotel on the 200 block of North Cedar Avenue. The purchase agreement was for the old theater lot on North Cedar and a public parking lot off of East Pearl Street. The purchase price is \$268,000 for the two parcels which is the assessed value of the two properties. Owatonna Hospitality 1, LLC is requesting tax increment financing to pay for the two parcels over a 25 year period. The purchase agreement allows for a due diligence period to get everything in place in order to do the project.

The conditions and contingencies set forth in the Purchase Agreements have been met to the satisfaction of both the City and the Purchaser to complete the closing on the sale of this property.

Budget Impact:

The City will be paid for the two properties by the tax increment financing over a 25 year period. This is similar to how the City has been paid for upfront costs associated with redevelopment projects in the past.

Staff Recommendation:

Staff recommends approval of Resolution 61-21.

RESOLUTION NO. 61-21

A RESOLUTION AUTHORIZING EXECUTION OF THE DEED
FROM CITY OF OWATONNA TO OWATONNA HOSPITALITY 1, LLC ("PURCHASER")

WHEREAS, on December 1, 2020 the City of Owatonna ("City") entered into a Purchase Agreement with Owatonna Hospitality 1, LLC, ("Purchaser") for the purchase and sale of real estate, the legal description of which is as follows:

Lot 14, Block 10 Original Town (now City) of Owatonna, Minnesota.

AND

Sub-Lot One (1) of Lot Eighteen (18), and sub-Lot One (1) of Lot Seventeen and Eighteen (17 & 18) in Block Ten (10) of Original Town (now City) of Owatonna, Minnesota. The South Half (1/2) of Lot Eighteen (18) in Block Ten (10) in the Original Town (now City) of Owatonna, Minnesota.

and

WHEREAS, the conditions and contingencies set forth in the Purchase Agreement have been met to the satisfaction of both the City and the Purchaser for said property.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota, as follows:

1. That the Mayor and City Administration are hereby authorized and directed to execute and deliver the Purchase Agreement for the sale of the property described herein to Owatonna Hospitality I, LLC. together with a with a Warranty Deed and to do all other acts and things necessary and expedient for the conveyance of the foregoing described real estate.

2. The Council finds and determines that the premises are not needed for municipal purposes.

Passed and adopted this ____ day of _____, 2021, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2021.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk/Treasurer