

**SUBMITTED BY:** Luis Pedroza, Deputy City Manager/City Treasurer

**MANAGEMENT TEAM REVIEW:** Ana Urquijo, City Manager

**FOCUS AREA:** Other / NA

**ORGANIZATIONAL  
IMPROVEMENTS:** EnterTextHere

**SUBJECT:** **SETTLEMENT and RELEASE AGREEMENT** between the City of Douglas and **HARRELL COOLEY, LLC** and **AUTHORIZING** the City Manager to execute all necessary documents under the terms of the agreement.

**EXECUTIVE SUMMARY:**

The Settlement and Release Agreement for the Rivera Building located at 357 10<sup>th</sup> Street contains a negotiated deal as directed by Mayor and Council after Harrell Cooley LLC (Cooley) failed to keep with the obligations of the original purchase agreement. Through a mediation session and negotiation with Cooley, the proposed agreement establishes for the Rivera Building to come back to city possession on the condition that the city pay \$25,000 and that Cooley is current with the property taxes.

**BACKGROUND:**

The Rivera Building was sold by the city to Cooley on August 2021 for the purchase price of \$65,000. Cooley paid a down payment of \$13,922 and the city carried a note for the remaining amount to be paid monthly in the amount of \$898.43 over 59 months with 3% interest. Cooley paid \$17,751.74 from monthly payments making the total amount received \$31,673.74.

The Purchase Agreement contained a reversion option to be exercised if Cooley did not complete obligations including painting a mural within 90 days, design and remodeling the 1<sup>st</sup> floor within 18 months. Cooley complied with the mural; however, he did not comply with the remodeling requirements within the timeframe provided. The city tried to exercise its reversion clause at that time to reacquire the building; however, Cooley disagreed and as per the purchase agreement, dictated the matter to mediation.

Through a mediation process and negotiation with attorneys on both sides, the city and Cooley have arrived at a settlement agreement that would give back the Rivera Building to the city for a purchase price of \$25,000.

The agreement calls for Cooley to pay all property taxes, to execute a special warranty deed and deliver it to Cooley's attorney and thereafter to the City Attorney Denis Fitzgibbons. The city shall issue a check for \$25,000 to Cooley's attorney, who shall release the check until Cooley meets the property tax obligations and delivers the warranty deed. All past due and current property taxes plus interest are estimated at \$3,456.23.

The agreement contains other provisions to ensure that there are no other encumbrances on the building and that upon the execution of the agreement the city releases Mr. Harrell from any claims.

**DISCUSSION:**

The city sold the Rivera Building with the intention of renovating the building and helping with downtown revitalization. Unfortunately, the obligations of the agreement were not met; through this settlement agreement the city would reacquire the building at a price of \$25,000, which compared to \$31,673.74 received by the city, the city would net a positive \$6,673.74. If the agreement is approved, the city may embark on redevelopment of the Rivera Building through a method the city chooses. Recommendation is to approve the settlement and release agreement as presented by staff.

**FISCAL IMPACT:**

\$25,000 in expense, however, city has received \$31,673.74 in revenue, which is a net \$6,673.74 positive income for the city.

**Fiscal Year:** 2023/2024

**Amount Requested:** \$0

**Budgeted:** Y / N

**Account (s):**

“...I move that the Mayor and Council approve the Settlement and Release Agreement between the City of Douglas and HARRELL COOLEY, LLC and authorize the City Manager to execute all necessary documents under the terms of the agreement.”