



**Council
Communication**
Office of the City Manager

Date

April 24, 2006

Agenda Item No. 35

Roll Call No. 06-

Communication No. 06-227

Submitted by: Richard A. Clark, City Manager

AGENDA HEADING:

Second amendment to Agreement for Exercise of Put Agreement between the City of Des Moines and Central Iowa Acquisitions, L.L.C.

SYNOPSIS:

City Council is asked to approve the Second Amendment to the Agreement for Exercise of Put Agreement between the City and Central Iowa Acquisitions, L.L.C. (Gerard D. Neugent, Manager, 5000 Westown Parkway, Suite 100, West Des Moines, IA 50266). Under the current terms of the agreement, the City is to purchase the property at the NW corner of E. 4th and E. Locust Street from Central Iowa Acquisitions no later than May 1, 2006. The purpose of the Second Amendment is to allow the City a 90-day extension to continue negotiations with SOHO Development, LLC (Tony DeAngelo, Chief Executive Officer, 13011 Woodland Parkway, Clive, Iowa 50325) for possible redevelopment of the site. The new expiration date will be August 1, 2006.

FISCAL IMPACT:

Amount: Purchase price of \$301,009.27 plus interest calculated at Prime Rate (currently 7.75%) and property taxes paid by Central Iowa Acquisitions prior to the closing date. Actual purchase price will vary based on the closing date. Should negotiations with SOHO Development be successful, the City intends to assign its interest in the Put Agreement to SOHO and the City will incur no acquisition costs.

Funding Source: Adopted CIP FY2006 – FY2011, Amended FY2005 under Economic Development Improvements – URR084 East Village, page 5

ADDITIONAL INFORMATION:

The City Manager's office is negotiating preliminary terms of agreement with SOHO Development for the development of a mixed-use project on the NW corner of E. 4th and E. Locust Street. The City currently has a Put Agreement with Central Iowa Acquisitions that requires the City to purchase the parcel by May 1, 2006.

The intent of the June 6, 2005 Council action directing the City Manager to negotiate with SOHO Development was to assign the City's interest in the Put Agreement to SOHO Development prior to May 1, 2006. The City and SOHO Development require an extension of the Put Agreement to enable both parties to complete necessary due diligence. Central Iowa Acquisitions has granted a 90-day extension.

PREVIOUS COUNCIL ACTION(S):

Date: June 6, 2005

Roll Call Number: 05-1447

Action: Proposal by SOHO Development (Tony DeAngelo, CEO) to acquire the remainder of the Dewey Ford Showroom site at E. 4th and Locust for redevelopment for residential use with possible ground floor commercial space. Moved by Brooks to receive and file, and to direct the City Manager to negotiate the preliminary terms of an agreement with SOHO in conformance with the council communication, for further consideration by the City Council. Motion Carried 7-0.

Date: June 6, 2005

Roll Call Number: 05-1448

Action: Approving Amendment to Agreement for acquisition of property at E. 4th and Locust Streets. (Council Communication No. 05-316) Moved by Brooks to adopt. Motion Carried 7-0.

Date: December 20, 2004

Roll Call Number: 04-2687

Action: Approving Agreement for Exercise of Put Agreement with Iowa Acquisition, Inc. for acquisition of property at E. 4th and Locust Streets. (Council Communication No. 04-640). Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

Date:

Roll Call Number:

Action:

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

- The City Manager will present preliminary terms of agreement with SOHO Development to the City Council.

- Urban Design Review Board will make a recommendation on SOHO Development’s conceptual development plan and financial assistance package.
- The City Manager will present the final development agreement to the City Council.
- Should the City or SOHO Development elect not to proceed with the project, the City will acquire the land per the terms of the Put Agreement.

MAP:

The subject parcel is labeled “City” below.

