



# Council Communication

Office of the City Manager

Date

October 22, 2007

Agenda Item No. 26  
Roll Call No. 07-  
Communication No. 07-644  
Submitted by: **Matthew A. Anderson**  
Economic Development Coordinator

## AGENDA HEADING:

Resolution approving Consent to Sale and Partial Release regarding the Urban Renewal Development Agreement with East Village Partners, L.L.C.

## SYNOPSIS:

On April 5, 2004, by Roll Call No. 04-720, the City Council approved an Urban Renewal Development Agreement with East Village Partners, LLC (Tony DeAngelo, CEO & Manager, 13011 Woodland Parkway, Clive, IA 50325) for the redevelopment of 412 and 418 E. Locust Street, now known as SOHO Lofts. The City agreed to advance to Developer installments on an Economic Development Grant in the total amount of \$1,618,780.

Article 6 of the Development Agreement provides for future payments to the City from the excess cash flow from any leasing or sale of the commercial component of the SOHO Lofts, which obligation continues through 2018 and survives any sale of the commercial component “unless otherwise specifically agreed by City.” This survival clause has had the unintended consequence of rendering the commercial component unmarketable.

The developer currently seeks to sell the commercial component of the SOHO Lofts and has requested that the commercial component be released from the ongoing repayment obligations under Article 6 of the Development Agreement.

The City Council is asked to approve the Consent to Sale and Partial Release, which is subject to the conditions listed below.

## FISCAL IMPACT: NONE

## ADDITIONAL INFORMATION:

The City Legal Department has prepared a proposed Consent to Sale and Partial Release for recording at closing on a future sale of the commercial component of the SOHO Lofts. The commercial component of SOHO Lofts will be released from the ongoing repayment obligations under Article 6 of the Development Agreement upon the future sale of the commercial component to an unrelated party at fair market value. The Mayor will be authorized and directed to sign the Consent to Sale and Partial Release on behalf of the City upon satisfaction of the following conditions:

1. The Developer has identified a proposed buyer and purchase price for the commercial component of the SOHO Lofts;

2. The City Manager has determined that the proposed sale is an exchange between unrelated parties at fair market value;
3. The City Manager and Developer have agreed upon the calculation of the amount of the payment, if any, due the City upon the sale under the Development Agreement;
4. The Legal Department has completed the form of the document with the information above.

**PREVIOUS COUNCIL ACTION(S):**

Date: April 5, 2004

Roll Call Number: 04-720

Action: Urban Renewal Development Agreement with East Village Partners, L.L.C. and proposed Conceptual Development Plan for redevelopment of 412 and 418 E. Locust Street. (Council Communication No. 04-163) Moved by Vlassis to adopt. Motion Carried 6-0. Council Member Mahaffey declares a conflict of interest and abstains from voting.

**BOARD/COMMISSION ACTION(S):**

Date: March 30, 2004

Roll Call Number: N/A

Action: Urban Design Review Board recommended approval of the financial assistance package and Conceptual Development Plan as presented.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Execution of the Consent to Sale and Partial Release when the necessary conditions are met.