

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: August 9, 2010
	Agenda Item No. 21 Roll Call No. <u>10-1279</u> Communication No. <u>10-502</u> Submitted by: Matt Anderson, Economic Development Administrator

AGENDA HEADING:

Approval of document relating to urban renewal development agreement between the City of Des Moines and Merle Hay Mall Partnership LLC, Elizabeth I. Holland, Secretary, 3850 Merle Hay Road, Des Moines, IA 50314, for tax increment finance district grant payments.

SYNOPSIS:

Merle Hay Mall is in the process of obtaining a refinancing loan for its property at 3850 Merle Hay Road. As a condition of the refinancing, its bank, Well Fargo Bank, has required the City to execute a document relating to the payment of the tax increment finance grant.

FISCAL IMPACT: NONE

Amount: N/A

Funding Sources: N/A

ADDITIONAL INFORMATION:

Wells Fargo Bank, which is underwriting the refinancing loan for Merle Hay Mall, owned by the Merle Hay Mall Limited Partnership, is requiring execution of a document by the City relating to its bank loan for the Merle Hay Mall property.

In July 2008, the City entered into an urban renewal development agreement with the Merle Hay Mall Limited Partnership. As part of this agreement, the Mall must complete certain improvements and execute a minimum assessment agreement to increase the Mall’s property tax assessment by at least \$10 million (to \$18 million) as a result of the improvements. Upon completion of those activities, the City will then make semi-annual payments (capped at \$400,000 annually) for fifteen years to the owners of Merle Hay Mall based on the property tax revenue from the Merle Hay Mall assessment and the availability of tax increment revenue in the Merle Hay Commercial Area tax increment finance district.

The mall owners have entered into a loan refinancing agreement with Well Fargo Bank, which is requiring execution of a document –“City Consent to Pledge” – that states the City will make the grant payments in accordance with the urban renewal agreement and if the property owner defaults, the City may make the TIF payments directly to the bank.

PREVIOUS COUNCIL ACTION(S):

Date: February 8, 2010

Roll Call Number: 10-206

Action: **First** Amendment to Development Agreement and issuance of Certificate of Completion for the Merle Hay Mall Rehabilitation project. ([Council Communication No. 10-059](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: July 14, 2008

Roll Call Number: 08-1238 - 08-1243

Action: Items regarding Merle Hay Commercial Area Urban Renewal Plan and redevelopment of a portion of Merle Hay Mall: Roll Call: [08-1238](#)

(A) **Receive** and file communication from Plan and Zoning Commission finding the Urban Renewal Plan to be in conformance with the Des Moines 2020 Community Character Plan. Moved by Vlassis to receive and file. Motion Carried 7-0. Roll Call:[08-1239](#)

(B) **Resolution** of Necessity finding the Merle Hay Commercial Area Urban Renewal Area appropriate for designation as an economic development area. Moved by Vlassis to adopt. Motion Carried 7-0. Roll Call: [08-1240](#)

(C) **Resolution** closing hearing on proposed Merle Hay Commercial Area Urban Renewal Plan and adopting same. ([Council Communication No. 08-397](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Roll Call: [08-1241](#)

(D) **First** consideration of ordinance above. Moved by Vlassis that this ordinance be considered and given first vote for passage. Motion Carried 7-0. Roll Call: [08-1242](#)

(E) **Final** consideration of ordinance above, (waiver requested by applicant), requires 6 votes. Moved by Vlassis that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, [#14,783](#). Motion Carried 7-0.

Roll Call: [08-1243](#)

(F) **Resolution** approving Urban Renewal Development Agreement with Merle Hay Mall Limited Partnership for redevelopment of a portion of Merle Hay Mall, 3850 Merle Hay Road. ([Council Communication No. 08-396](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: March 10, 2008

Roll Call Number: 08-431

Action: **Regarding** preliminary terms of agreement with Merle Hay Mall for proposed redevelopment for use of proposed tax increment revenues. ([Council Communication No. 08-135](#)) Moved by Vlassis to receive and file the communication and to authorize the City Manager to negotiate a final development agreement with the owners of the Merle Hay Mall in general accordance with the communication. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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