

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	July 15, 2013
	Agenda Item No.	33
	Roll Call No.	<u>13-1107</u>
	Communication No.	<u>13-361</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Resolution approving the Second Amendment to the development agreement with Indigo Dawn, L.L.C. for the renovation of 800 19th Street as an historic adaptive building reuse and sustainability demonstration site.

SYNOPSIS:

On June 14, 2010, by Roll Call No. 10-0924, City Council approved a development agreement with Indigo Dawn, L.L.C. (Chaden Halfhill, Managing Member, P.O. Box 41007, Des Moines, Iowa 50311) for the \$2.6 million adaptive reuse of 800 19th Street in the Sherman Hill Historic District. Economic development assistance for the project was based on Indigo Dawn, L.L.C.’s plan to develop the project, titled Green & Main, as a model of sustainable design and energy efficiency, serving as an education and demonstration site as well as providing new commercial space for the neighborhood.

Assistance was approved in the form of an \$185,000 economic development loan, a \$220,000 bridge loan for the historic tax credits awarded to the project, and a \$15,000 façade grant. The project has not been completed in the originally estimated timeframe. The Office of Economic Development has worked with Indigo Dawn, L.L.C. to prepare an amendment to the development agreement that will provide for the developer to begin payments to the City on the loans while still working to complete the project.

Under the amendment terms, Indigo Dawn, L.L.C. will begin monthly payments on the two (2) loans in August 2013. The City will also retain the ability to receive a \$220,000 lump sum payment on the bridge loan from the project’s historic tax credits when received, and the approved \$15,000 façade grant will not be disbursed until work is completed on the building façade. A new completion date of December 31, 2014 is included in the amendment. Indigo Dawn, L.L.C. has also been requested to communicate regularly with the Sherman Hill neighborhood association on progress with the project.

FISCAL IMPACT:

No additional funds are being committed to the project.

ADDITIONAL INFORMATION:

The Office of Economic Development has worked with Indigo Dawn, L.L.C. over several months to identify ways to restructure the project’s financing and provide a path to completion. The project has experienced unforeseen redesign issues and unanticipated challenges to coordinate the administration of the multiple sources of financing involved in the project. The project’s unique nature and design

elements, including increased ventilation, multi zoned heating and cooling, improved air filtering and air quality, bioswales, raingardens and recycled building materials made it eligible for a number of sustainability related funding sources, each requiring its own schedule and deliverable, which drove the timing of the project's construction and led to the numerous design revisions. Additionally, unexpected construction conditions including building underpinning and sanitary sewer issues have occurred. All have contributed to delays and cost overruns.

The Second Amendment will provide for repayment on the City economic development loan and bridge loan to begin in August 2013, and continue on a monthly payment schedule of \$2,500 per month. The City will retain the ability to receive a lump sum repayment of the \$220,000 bridge loan through the receipt of the historic tax credits. The balance of both loans will be due and payable December 1, 2031. The Office of Economic Development recommends the approval of the Second Amendment to begin repayment of the City loans and will continue to work with Indigo Dawn, L.L.C. to bring the project to completion.

PREVIOUS COUNCIL ACTION(S):

Date: June 28, 2010

Roll Call Number: [10-1030](#)

Action: [First](#) Amendment to the Development Agreement with Indigo Dawn, L.L.C., for the renovation of 800 19th Street, as a Platinum LEED adaptive building reuse. ([Council Communication No. 10-385](#)) Moved by Hensley to adopt. Motion carried 7-0.

Date: June 14, 2010

Roll Call Number: [10-924](#)

Action: [A](#) \$200,000 Economic Development Loan, \$220,000 Bridge Loan and a Conceptual Development Plan with Indigo Dawn, LLC for the renovation of 800 19th Street as a Platinum LEED adaptive building reuse. ([Council Communication No. 10-355](#)) Moved by Hensley to adopt. Motion carried 7-0.

Date: February 9, 2009

Roll Call Number: [09-195](#)

Action: [Preliminary](#) Terms of Neighborhood Commercial Revitalization Loan Agreement with Indigo Dawn, LLC, for development of 800-19th Street as a Platinum LEED adaptive building reuse. ([Council Communication No. 09-064](#)) Moved by Vlassis to receive and file and to direct the City Manager to proceed with negotiations toward a final agreement consistent with the terms identified in the Council Communication for further consideration by the City Council. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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